83D CONGRESS
2D SESSION

H. R. 9709

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 1954

Mr. REED of New York introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To extend and improve the unemployment compensation program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective with respect to services performed after December 31, 1954, section 1607 (a) of the Internal Revenue Code is hereby amended by striking out "eight or more" and inserting in lieu thereof "four or more".

SEC. 2. Effective with respect to rates of contributions for periods after December 31, 1954, section 1602 (a) of the Internal Revenue Code is hereby amended by adding after paragraph (3) the following:

"For any person (or group of persons) who has (or

have) not been subject to the State law for a period of time sufficient to compute the reduced rates permitted by paragraphs (1), (2), and (3) of this subsection on a three-year basis, the period of time required may be reduced to the amount of time the person (or group of persons) has (or have) had experience under or has (or have) been subject to the State law, whichever is appropriate, but in no case less than one year immediately preceding the computation date."

SEC. 3. Effective with respect to the taxable year 1955 and succeeding taxable years—

(1) section 1605 (c) of the Internal Revenue Code is hereby amended to read as follows:

"(c) TIME FOR PAYMENT.—The tax shall be paid not later than January 31, next following the close of the taxable year."; and

(2) section 1605 (d) of the Internal Revenue Code is hereby amended by striking out "or any installment thereof" each place it appears.

SEC. 4. (a) The Social Security Act, as amended, is further amended by adding after title XIV thereof the following new title:

"TITLE XV—UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

"DEFINITIONS

"SEC. 1501. When used in this title—

"(a) The term 'Federal service' means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term shall not include service performed—

"(1) by an elective officer in the executive or legislative branch of the Government of the United States;

"(2) as a member of the Armed Forces of the United States;

"(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);

"(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code;

"(5) outside the United States by an individual who is not a citizen of the United States;

"(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

"(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

"(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

"(9) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

"(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

"(12) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively

of individuals otherwise in the full-time employ of the United States.

For the purpose of paragraph (5) of this subsection, the term 'United States' when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

"(b) The term 'Federal wages' means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

"(c) The term 'Federal employee' means an individual who has performed Federal service.

"(d) The term 'compensation' means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

"(e) The term 'benefit year' means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

"(f) The term 'Secretary' means the Secretary of Labor.

"COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

"SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

"(b) Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 had been included as employment and wages under such law.

"(c) Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section shall be subject to review in the same

manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

"(d) Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.

"COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

"SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under the law of

such State, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final

determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final decisions of the Secretary of Health, Education, and Welfare under title II.

"(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such Act, the furnishing of such personnel and facilities shall be deemed to be a part of the administration of the public employment offices of such agencies.

"STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

"SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal service and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federal service prior to the filing

of his first claim for compensation for the benefit year, except that—

"(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal service and Federal wages shall be assigned to such other State;

"(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

"(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

"TREATMENT OF ACCRUED ANNUAL LEAVE

"SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of ac-

cumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concerning allocation over the period, such payment shall constitute Federal wages.

"PAYMENTS TO STATES

"SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

"(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

"(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State

sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

"(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

"(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

"(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

"(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

"(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

"INFORMATION

"SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

"(1) whether the employee has performed Federal service,

"(2) the periods of such service,

"(3) the amount of remuneration for such service, and

"(4) the reasons for termination of such service. The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency of errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c).

"(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303.

"PENALTIES

"SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

"(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

"(B) as a result of such action has received any amount as compensation under this title to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the two-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 1502 (c) and 1503 (c).

"(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and cred-

ited to the current applicable appropriation, fund, or account from which payment was made.

"REGULATIONS

"SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

"APPROPRIATIONS

"SEC. 1510. There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title."

(b) Section 1606 (e) and section 1607 (m) of the Internal Revenue Code are each hereby amended by inserting after "December 31, 1945," the following: "and before January 1, 1955,".

83D CONGRESS
2D SESSION

H. R. 9709

A BILL

To extend and improve the unemployment compensation program.

By Mr. REED of New York

JUNE 28, 1954
Referred to the Committee on Ways and Means

83D CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
No. 2001

EXTENDING AND IMPROVING THE UNEMPLOYMENT-COMPENSATION PROGRAM

JUNE 29, 1954.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. REED of New York, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H. R. 9709]

The Committee on Ways and Means, to whom was referred the bill (H. R. 9709) to extend and improve the unemployment-compensation program, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSES

H. R. 9709 extends the unemployment-insurance system to almost 4 million workers to whom this protection is not available today. Thus, your committee's bill provides the first major extension of the unemployment-insurance system since its inception in 1935.

With the exception of relatively minor adjustments, the Federal Unemployment Tax Act has remained substantially unchanged in the almost 20 years which have elapsed since its enactment. However, your committee believes it no longer appropriate to deny the basic protection of this system to any segment of our working population to whom extension of coverage is demonstrably practical, and to whom coverage can be extended without doing violence to the need for recognition of State and local variations in employment conditions. This objective is achieved by H. R. 9709.

Your committee has recently recommended the extension of the old-age and survivors insurance system to approximately 10 million persons now excluded from that program. While these two proposals for broad extension—first with respect to old-age and survivors insurance and now with respect to unemployment insurance—are in no sense dependent upon each other, your committee conceives of

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them as part of a broad program to bring our social-security system to maturity.

Historically, unemployment insurance has been primarily a State program. H. R. 9709 continues this basic pattern. While the problem of unemployment must always be one of national concern, geographic variations both in economic conditions and in employment practices make it essential that actual implementation of an unemployment-insurance system be carried out by State action. As a result, the Federal Unemployment Tax Act has never concerned itself with the amount of benefits or the duration for which benefits may be paid. These have always been matters for State determination. In his economic report transmitted to the Congress on January 28, 1954, the President described the present level of benefits as inadequate and the duration of benefits as deficient in many States. He urged State action to correct these defects. Your committee agrees with the President that these matters should be left to State determination.

The major purposes of H. R. 9709 are summarized as follows:

1. The Federal Unemployment Tax Act is extended to employers of 4 or more employees in each of 20 weeks (instead of 8 or more in 20 weeks as under the present law). It is estimated that this provision will make unemployment-insurance protection available to approximately 1.3 million workers not now covered.

2. Unemployment insurance is extended to substantially all Federal civilian employees, an addition of approximately 2.5 million workers.

3. States are authorized to extend experience-rating tax reductions to new and newly covered employers after they have had at least 1 year of coverage under the State law instead of 3 years as required today.

4. The bill eliminates the privilege of paying the Federal unemployment tax in quarterly installments.

GENERAL STATEMENT

1. Extension of tax to employers of four or more

The bill extends the Federal Unemployment Tax Act to employers who employ 4 or more employees in each of 20 weeks during the year. The present law limits the tax to employers of 8 or more in the same period, although a number of States have already lowered their own requirements so as to cover employers with less than 8 employees. (See table, pp. 4, 5.)

From the standpoint of the individual worker, unemployment insurance protection is as important if he works for a small employer as if he works for an employer of thousands. Moreover, it is as important to maintain the purchasing power of employees of small firms as of large firms. In this connection, the extension of coverage provided by your committee's bill would particularly benefit small communities where a large proportion of workers are employed by small firms.

Your committee is satisfied that administrative difficulty is no longer a substantial obstacle to extending coverage to small firms. On the other hand, your committee believes that the further coverage is extended into this area, the further the Federal Government is moving into an area where differences in State and local conditions

become a significant factor. There is a twilight zone where needed flexibility can only be maintined through State action. It may be appropriate that unemployment protection be extended into this fringe area, but your committee believes that such extension should be left to State determination in the light of local variations in employment patterns. Your committee does not believe that this problem exists to any appreciable extent with respect to the extension of coverage to employers of four or more.

Selected data on unemployment compensation

State	Statutory minimum number of workers and period for employer coverage	Legal range of benefits				Benefits paid in 1953 (in thousands)	Average actual duration in 1953 (weeks)	Federal grants to States, fiscal year 1953 (in thousands)	Federal tax collections, fiscal year 1953 (in thousands)
		Benefits [1]		Weeks duration					
		Minimum	Maximum	Minimum	Maximum				
United States						$962,221	10.1	$196,323	$275,825
Alabama	8 in 20 weeks	$6	$22	11+	20	10,520	12.1	2,841	3,193
Alaska	1 at any time	$8–$10	$35–$70	12	26	5,641	9.7	659	395
Arizona	3 in 20 weeks	$5–$7	$20–$26	10	20	2,568	8.7	1,672	914
Arkansas	1 in 10 days	$7	$22	10	16	6,014	9.3	1,943	1,337
California	1 at any time	$10	$30	15–10+	26	97,363	11.4	19,775	21,516
Colorado	8 in 20 weeks	$7	$28–$35	10	20–26	2,117	9.3	1,508	1,861
Connecticut	4 in 13 weeks	$8–$11	$30–$45	15–10	26	7,966	6.3	3,002	5,634
Delaware	1 in 20 weeks	$7	$25	11	26	1,167	7.9	431	793
District of Columbia	1 at any time	$6–$7	$20	12+	20	2,365	10.7	1,230	1,564
Florida	8 in 20 weeks	$5	$20	7+	16	7,780	9.2	3,163	3,281
Georgia	do	$5	$26	20	20	10,226	10.3	3,051	4,030
Hawaii	1 at any time	$5	$25	20	20	2,858	11.2	634	637
Idaho	do	$10	$25	10	26	3,684	10.9	967	648
Illinois	6 in 20 weeks	$10	$27	18+–10	26	51,085	9.1	9,292	20,833
Indiana	8 in 20 weeks	$5	$27	12+–6+	20	16,748	7.1	3,339	8,654
Iowa	8 in 15 weeks	$5	$26	6+	20	5,088	8.7	1,650	3,000
Kansas	8 in 20 weeks	$5	$28	6+	20	7,041	8.7	1,509	2,477
Kentucky	4 in 3 quarters	$8	$28	26	26	17,665	13.0	2,329	3,105
Louisiana	4 in 20 weeks	$5	$25	10	20	10,356	12.6	2,806	3,323
Maine	8 in 20 weeks	$9	$27	20	20	5,788	9.7	1,053	1,393
Maryland	1 at any time	$6–$8	$30–$38	7+	26	11,911	7.6	3,203	4,294
Massachusetts	1 in 13 weeks	$7–$9	$25 [2]	21+–6	26	41,081	10.0	8,878	10,664
Michigan	8 in 20 weeks	$10–$12	$30–$42	9+	26	39,485	7.1	8,837	15,893
Minnesota	1 in 20 weeks [3]	$11	$30	15	26	11,021	11.3	3,108	4,013
Mississippi	8 in 20 weeks	$3	$30	16	16	6,641	10.1	2,089	1,276
Missouri	do	$0.50 [2]	$25	(2)	24	15,534	8.2	3,451	6,607
Montana	1 in 20 weeks	$7	$23	20	20	2,347	10.8	1,022	688
Nebraska	8 in 20 weeks	$10	$26	10	20	2,577	8.9	953	1,371
Nevada	1 at any time	$8–$11	$30–$50	10	26	1,567	9.1	575	315
New Hampshire	4 in 20 weeks	$7	$30	26	26	5,877	10.6	943	955
New Jersey	do	$10	$30	13	26	59,757	10.7	8,934	11,586
New Mexico	1 at any time	$10	$30	12	24	2,455	10.6	1,021	707
New York	4 in 15 days	$10	$30	26	26	178,597	11.9	29,586	35,956
North Carolina	8 in 20 weeks	$7	$30	26	26	20,973	10.9	3,731	4,948
North Dakota	do	$7–$9	$26–$32	20	20	1,987	12.5	664	373
Ohio	3 at any time	$10–$12.50	$30–$35	12–9+	26	32,542	9.2	8,619	19,253
Oklahoma	8 in 20 weeks	$10	$28	6+	22	7,251	10.7	2,132	2,389
Oregon	4 in 6 weeks	$15	$25	8+	26	19,208	10.4	2,373	2,799

Pennsylvania	1 at any time	$10	$30	13	26	102,359	9.8	14,981	23,877
Rhode Island	4 in 20 weeks	$10	$25	10+–7+	26	12,565	9.9	1,717	1,858
South Carolina	8 in 20 weeks	$5	$20	18	18	9,055	10.1	2,315	2,483
South Dakota	do	$8	$25	10	20	730	9.3	512	411
Tennessee	do	$5	$26	22	22	16,369	11.0	3,009	3,932
Texas	do	$7	$20	5	24	11,891	9.2	7,299	10,704
Utah	1 at any time	$10	$27.50	16–15	26	3,168	10.1	1,379	937
Vermont	8 in 20 weeks	$10	$25	20	20	1,299	9.1	634	507
Virginia	do	$6	$24	6	16	8,203	7.8	1,890	4,051
Washington	1 at any time	$10	$30	15	26	29,027	11.3	3,960	4,182
West Virginia	8 in 20 weeks	$10	$30	24	24	13,954	9.5	1,428	3,316
Wisconsin	6 in 18 weeks	$10	$33	10	26+	17,934	8.2	2,981	6,517
Wyoming	1 at any time	$10–$13	$30–$36	8	26	814	7.2	608	376

[1] When 2 amounts are given, higher includes dependents' allowances, except in Colorado where higher amount includes 25 percent additional for claimants employed in Colorado by covered employers for 5 consecutive calendar years with wages in excess of $1,000 per year and no benefits received.

[2] If the benefit is less than $5 benefits are paid at the rate of $5 a week; no qualifying wages and no minimum weekly or annual benefits are specified.

[3] Employers of less than 8 outside the corporate limits of the city, village, or borough of 10,000 population or more are not liable for contributions unless they are subject to the Federal Unemployment Tax Act.

Source: U. S. Department of Labor, Bureau of Employment Security, Division of Actuarial and Financial Services, June 7, 1954.

2. Reduced rates for new and newly covered employers

In all States, employers are granted reductions in the unemployment taxes they must pay the State if their unemployment experience meets certain requirements. The Federal Unemployment Tax Act allows employers to credit this reduction against their Federal unemployment tax. In other words, an employer who has received such a reduction is credited with the difference between the amount actually paid and the amount he would have been required to pay if he had not received the reduction. The Federal law grants this additional credit, however, only if the State law requires an employer to have at least 3 years of experience before he can be given a tax reduction. This means that a new or newly covered employer is required to pay the full tax for at least these initial years even though his experience in those years is as favorable as that of an established employer. In many States, this means that new employers carry a very large proportion of current unemployment taxes. They are thus put at a competitive disadvantage with established employers and are required to carry an extra financial load at a time they can perhaps least afford it.

The President, in his economic report of January 28, 1954, recommended that "Congress allow the shortening, from 3 years to 1, of the period required to qualify for a rate reduction." Section 2 of H. R. 9709 carries out this recommendation in its entirety. In effect, during the first 3 years of an employer's coverage, the amendment will permit a State to tie the period of experience required before rate reduction to the period of time the new employer has had experience under the law. In other words, the rate for an employer who has had 1 year's experience may be based on 1 year's experience, the rate for 1 who has had experience for 2 years, on the basis of 2 years' experience.

It would be emphasized that this amendment merely permits a State to extend a rate reduction on the basis of 1 year's experience if it desires to do so. It does not require such State action.

The amendment is not intended to give new and newly covered employers any competitive advantage over established employers, but merely to equalize as much as possible the opportunity for rate reductions between new and established employers. The factors used to measure the experience of employers vary from State to State. Under the amendment, it is intended that the State measure the experience of new and newly covered employers by the same factor (or factors) that it uses to measure the experience of established employers. For example, one of the most common factors is a reserve balance (the excess of contributions collected over benefits paid and charged to the employer's account). Thus, a State which uses a reserve balance for established employers must do so for new employers. However, in some States, an employer who does not have 3 years of experience, as the Federal law now requires, could not attain the reserve balance now required of established employers. In these States, therefore, a proportionate reduction would have to be made in this reserve requirement to enable new employers with less than 3 years' experience to take advantage of the permission granted by the bill's new rate-reduction provision. Since the bill does not intend to give new employers any greater advantage than established employers, any difference in reserve requirements granted to new employers would therefore have to bear the same proportion to the requirement placed on established employers as the period of coverage

required of the two groups. For example, if a 6-percent reserve requirement is required of established employers with 3 years' experience, at least 4 percent must be required of employers with 2 years' experience.

3. Elimination of quarterly installment privilege

The bill eliminates the right to pay the unemployment tax in quarterly installments. This amendment is designed to relieve the Government of an existing administrative burden. Moreover, this administrative burden would be somewhat increased if the new employers covered by this bill were permitted to pay their tax in quarterly installments.

Elimination of this provision should not impose an undue burden on taxpayers. This is indicated by the fact that some 85 percent of the total taxes due are now paid at the time of filing the return without using the installment-payment option. Furthermore, unlike the old-age and survivors insurance tax, the unemployment tax is not due until the year after that in which the taxable wages are paid. The old-age and survivors insurance tax, on the other hand, is payable in quarterly installments during the year in which the wages are paid.

4. Coverage of Federal civilian employees

In his Economic Report, the President stated:

> A worker laid off by a Government agency gets no insurance benefits despite the fact that in many types of Federal jobs he is as vulnerable to layoff or dismissal as the factory worker. It is recommended that Congress include in the insurance system the 2.5 million Federal civilian employees, under conditions set by the States in which they last worked, and that it provide for Federal reimbursement to the State of the amount of the cost, estimated to be about $25 million for the fiscal year ending in 1955.

H. R. 9709 carries out this recommendation. Your committee believes that Federal civilian employees as a group are subject to the risk of unemployment on nearly the same scale as nongovernmental workers in the same type of work. In recent years, particularly, several extensive reductions in Federal personnel have demonstrated the real need for extending unemployment benefits to Federal employees. From a wartime peak of well over 3½ million employees in June 1945, Federal employment dropped by a million between 1945 and 1946 and dropped considerably more in the next few years, leveling off at about 2 million in June 1950. After a new increase due to the Korean conflict, Federal employment again fell off by nearly 247,000 between June 1952 and December 31, 1953.

Total annual separations of Federal employees are substantial. They have approximated around half a million each year. Of this total, the percentage which constitute involuntary separations, that is, reductions in force and terminations of temporary appointments, has varied from approximately 17 to 50 percent of total separations.

Your committee believes that the Federal Government should not be in the position of providing less favorable conditions of employment than are required of private employers. Yet, since Federal employees now have no unemployment-insurance protection, involuntarily separated Federal employees have been forced to rely upon accrued annual leave and refunds from their retirement accounts while looking for other jobs. Not only does this defeat the purpose of annual leave, but also, in many cases, the employee may have no such leave accumulation at all. Even where leave has been accumu-

lated, there is evidence that it has been inadequate to cover the duration of Federal workers' unemployment. Moreover, your committee believes that withdrawal of an employee's retirement-fund accumulations is undesirable and a defeat of the purpose of the retirement program.

H. R. 9709 provides for unemployment insurance for Federal civilian workers, with minor exceptions, who are employed in the United States, including Puerto Rico or the Virgin Islands, and elsewhere, if citizens of the United States. (Nearly all of the exceptions to coverage are identical with the categories of Federal workers excluded from the Social Security Act for purposes of the old-age and survivors insurance.) Unemployment compensation will be payable to such Federal workers who are unemployed after December 31, 1954. A Federal worker's rights to benefits are to be determined under the unemployment-compensation law of the State to which his Federal services and wages are assigned. Usually, this will be the State in which the worker had his official station when he became unemployed, or, if he has been in Foreign Service, the State in which he resides when he files his claim. Compensation will not be paid for the period with respect to which accrued annual leave is paid upon separation.

The Secretary of Labor is authorized to enter into agreements with each State, under which the State unemployment compensation agency will make benefit payments as agent for the United States and will be reimbursed by the United States for any additional costs of such payments. If a State does not have such an agreement, the Secretary will make the unemployment-compensation payments and will apply the benefit standards and other provisions of the law of such State. Unemployed workers filing a claim in Puerto Rico or the Virgin Islands will be paid according to the benefit standards and other provisions of the unemployment-compensation law of the District of Columbia.

Any estimates of the cost of the proposed unemployment benefits for Federal workers must necessarily be rough, since there is no experience in the payment of such benefits to Federal workers upon which to base the estimates. The cost will depend to a great extent upon governmental employment levels and turnover, and to some extent upon the overall economic and employment situation prevailing in the country. The Department of Labor estimates that for the last half of fiscal year 1955 the cost will be approximately $25 million. Thereafter, for a full year of operation, based on estimated separations in 1955 of 145,000, the cost will be approximately $35 million. The relatively larger cost for the first 6 months of operation will be due to a backlog of claimants at the start of operations. The backlog will consist of those Federal workers who have been separated by reduction of force or terminated prior to the date when benefits commence, who are unemployed and still eligible for benefits at that time.

SECTION-BY-SECTION ANALYSIS

Section 1. Definition of employer

This section extends the application of the Federal unemployment tax imposed by section 1600 of the Internal Revenue Code by amending section 1607 (a) of the code so as to provide that the term "employer" does not include any person unless on each of some 20 days

during the taxable year, each day being in a different calendar week, the total number of individuals who were employed by him in employment, as defined in section 1607 (c), for some portion of the day (whether or not at the same moment of time) was four or more. Thus, the definition of the term "employer" under the bill is the same as the definition of that term under existing law except for the substitution of the words "four or more" for "eight or more." This amendment is effective with respect to services performed after December 31, 1954. Since only a person who is an employer, as defined, for the taxable year in which the wages are paid is subject to the Federal unemployment tax, the amended definition of the term "employer" will be applicable in determining whether wages paid in 1955 or subsequent years are taxable.

Section 2. Experience rates for new employers

This section amends section 1602 (a) of the Internal Revenue Code to permit the States to extend rate reductions to new and newly covered employers after they have had a year's experience and yet retains the right of these employers to additional credit against their Federal unemployment tax with respect to such reduced rate. At present, the code allows employers to obtain additional credit against the Federal tax only after they have had 3 years' experience. This amendment ties the period of experience required before reductions in the State tax rate may be so credited, to the period of time the new employer has had experience under the law. Thus, if the State wishes to avail itself of this provision, the rate for an employer who has had a year's experience must be based on a year's experience, the rate for one who has had 2 years, on the basis of 2 years' experience. At the end of 3 or more years, the employer's experience would continue to be based, as at present, on 3 or more years of experience.

Section 3. Time for payment of tax

This section amends section 1605 (c) of the Internal Revenue Code so as to provide that after 1955 the total amount of the tax shall be paid not later than January 31 next following the close of the taxable year. Under existing law, the taxpayer may elect to pay the tax in four equal installments following the close of the taxable year instead of in a single payment. Section 3 of the bill also contains a conforming amendment to section 1605 (d) of the code.

Section 4 (a). Unemployment compensation for Federal employees

This section adds a new title XV to the Social Security Act to extend the unemployment compensation system to give Federal employees unemployment benefits under conditions set by the State in which they last worked with Federal reimbursement to the States of the amount of the costs. The specific provisions of this title are as follows:

Definitions.—This section defines six terms used in this title (a) "Federal service," (b) "Federal wages," (c) "Federal employee," (d) "compensation," (e) "benefit year" and (f) "Secretary." The definition of "Federal service" is the most important of these definitions since it establishes the type of service that is, and is not, to be covered by the law. It does this by stating in general terms that all service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States is to be covered. It then lists 12 categories of workers whose

services for the Federal Government are to be excluded from coverage even if the type of service they perform otherwise falls within the general definition. The categories excluded by this section are: elective officers; members of the Armed Forces; certain consular agents; certain Bonneville Power employees prior to January 1, 1955; aliens employed outside the United States; individuals who are paid on a contract or fee basis; Federal employees who receive compensation of $12 a year or less; patients or inmates of any Federal hospital, home or other institution; certain interns, student nurses and other student employees of Federal hospitals; individuals employed on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; individuals employed under Federal unemployment relief programs; and members of State, county, or community committees under the Production and Marketing Administration and similar bodies, unless such bodies are composed exclusively of full-time Federal employees.

"Benefit year" is described in subsection (c) as meaning the benefit year defined in the applicable State unemployment compensation law, unless such State law does not define a benefit year, in which case, such term means the period prescribed in the agreement between the Secretary and the State agency or, in the absence of an agreement, the period prescribed by the Secretary. All State laws but one presently define the term "benefit year."

Compensation for Federal employees under State agreements.—This section authorizes the Secretary of Labor to enter into an agreement with any State or with the unemployment compensation agency of the State under which such agency will make payments to unemployed Federal employees, after December 31, 1954, as agent of the United States. Such payments are to be in the same amount and subject to the same terms and conditions as if the Federal service were covered under the unemployment compensation law of the State.

Determinations of the State agency are subject to the same administrative and judicial review as are determinations under the State unemployment-compensation law.

Each agreement is to provide the conditions upon which it may be amended or terminated.

Compensation for Federal employees in absence of State agreement.—This section provides that in the absence of a State agreement the Secretary of Labor is to make payments to unemployed Federal workers, after December 31, 1954, in the same amounts and subject to the same terms and conditions as would be paid to such Federal workers if their Federal service had been covered by the State law, with one significant exception. If a Federal worker meets the qualifying requirement for benefits under the law of a State, without regard to his Federal service and wages, then the Secretary is to make payment of compensation only on the basis of the individual's Federal service and Federal wages. In this manner duplication of benefit payments will be avoided.

Provision is also made for the payment of compensation to Federal employees who file a claim in Puerto Rico and the Virgin Islands. Since neither Puerto Rico nor the Virgin Islands have a general unemployment-compensation law, the Secretary is to make payments to such Federal workers in accordance with the unemployment-compensation law of the District of Columbia. Here, too, provision

is made to avoid duplicate payments if a Federal worker has worked in covered private employment in the District of Columbia.

Provision is also made for a fair hearing (administrative) for any Federal employee whose claim for compensation is denied by the Secretary, and any final determination is subject to review in the Federal courts.

The Secretary is authorized to utilize the personnel and facilities of the Puerto Rico and the Virgin Islands public-employment services and to delegate authority to officials of such agencies. The cost to these agencies of the administration of this act shall be added to and commingled with funds granted under the Wagner-Peyser Act of 1933 as amended.

State to which Federal service and wages are assignable.—This section prescribes the State law under which a Federal employee's rights to unemployment compensation will be determined. An individual's Federal service and Federal wages are to be assigned to the State in which he had his last official station in Federal service prior to his filing of his first claim for compensation with respect to a particular benefit year, with three exceptions: (1) If at the time that a Federal worker files such claim he resides in another State in which, after his separation from Federal service, he performed service covered under the State unemployment-compensation law, his Federal service and wages are to be assigned to such other State; (2) if his last official station in Federal service was outside of the United States his Federal service and wages are to be assigned to the State where he resides at the time he files his first claim with respect to the benefit year; (3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands his Federal service and wages are to be assigned to Puerto Rico or the Virgin Islands. For the purpose of clause (2) above, the "United States" means the States, District of Columbia, Alaska, and Hawaii. It does not include Puerto Rico or the Virgin Islands.

It is contemplated that the assignment of an individual's Federal service and wages will not be changed during a benefit year. Furthermore, an assignment of Federal service and wages to a State is only to be with respect to the base period (the 1-year period for determining whether an individual has met the qualifying wage or employment requirement) specified in the unemployment-compensation law of that State. When the next benefit year for the individual is established, any additional Federal service and wages will again be assigned as is prescribed in this section. Whether they may be used will depend on whether they are in the individual's current base period.

Treatment of accrued annual leave.—Under this section an individual who receives a lump-sum payment for annual leave at the time of his separation from Federal service is considered to remain in Federal service during the period with respect to which he receives such payment, and such payment is considered to be "Federal wages." Any payments received during his Federal employment with respect to periods in which he is on leave are considered to be "wages." This section makes it clear that even after separation an individual may be considered as being in the Federal service for the period with respect to which he receives a terminal annual-leave payment.

Payments to States.—This section provides that the United States will pay to each State which has an agreement with the Secretary an

amount equal to the additional cost to the State of payments made to Federal workers. Such payments by the United States may be either by advances or reimbursements. Provision is made for the Secretary of Labor to certify periodically to the Secretary of the Treasury the amount payable to each State.

This section provides also that, for the purpose of payments of administrative costs of State unemployment-compensation laws, administration pursuant to an agreement under this title is to be considered as part of the administration of such State laws.

Information.—This section requires all Federal agencies subject to this title to furnish to State agencies, or to the Secretary where the program is not operated by a State, all information which the Secretary determines is necessary and practicable to determine whether a claimant is entitled to benefits. A further provision in this section places in these Federal agencies instead of the State agencies or the Secretary, the sole authority to make whatever findings are necessary on certain issues. These issues are (1) whether a worker is covered by this title, (2) the length of his period of covered service, (3) the amount of his covered wages, and (4) the reasons for termination of his service. The States, or the Secretary where appropriate, would continue to make the findings on all other issues, as well as the final determination as to whether the claimant is entitled to benefits. They would, for example, determine whether a particular reason for termination of a worker's service constitutes discharge for misconduct or some other disqualifying factor. Only the finding of the Federal agency as to the reason for termination as well as on the other three enumerated issues, would be final and binding on the State agency and the Secretary.

This section also requires State unemployment-compensation agencies to furnish necessary information to the Secretary of Labor.

Penalties.—This section prescribes a penalty of a fine of not more than $1,000 or imprisonment for not more than 1 year, or both, for knowingly making a false statement of a material fact or failing to disclose such a fact to obtain or increase benefits under the title for oneself or for another.

This section also provides that the State agency, or the Secretary where a State is not operating the program, may recover benefits received through such misrepresentation or nondisclosure by requiring repayment or by deductions from future benefits. Recovery by repayment or recoupment can be required only if the finding of misrepresentation or nondisclosure is made after the claimant has been given an opportunity for a fair hearing, with any right to further appeal which is appropriate under the appeal provisions of this title. The section also limits recovery by recoupment to the 2-year period following the finding of misrepresentation or nondisclosure.

Regulations.—This section authorizes the Secretary to make necessary rules and regulations, and directs him, insofar as practicable, to consult with representatives of State agencies beforehand.

Appropriations.—This section authorizes appropriations to carry out the purposes of this title.

Section 4 (b). Bonneville Power employees

This subsection contains conforming amendments to sections 1606 (e) and 1607 (m) of the Internal Revenue Code. These sections of the code permit coverage under the State unemployment-compensa-

tion programs of certain services performed in the employ of the Bonneville Power Administrator. Inasmuch as the employees performing these services will be covered under the provisions of title XV of the Social Security Act, as added by section 4 (a) of the bill, sections 1606 (c) and 1607 (m) of the code are made inapplicable with respect to such services performed after December 31, 1954.

CHANGES IN EXISTING LAW

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill as introduced, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE

SEC. 1602. CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE.

(a) STATE STANDARDS.—A taxpayer shall be allowed an additional credit under section 1601 (b) with respect to any reduced rate of contributions permitted by a State law, only if the Board finds that under such law—

(1) No reduced rate of contributions to a pooled fund or to a partially pooled account, is permitted to a person (or group of persons) having individuals in his (or their) employ except on the basis of his (or their) experience with respect to unemployment or other factors bearing a direct relation to unemployment risk during not less than the three consecutive years immediately preceding the computation date; or

(2) No reduced rate of contributions to a guaranteed employment account is permitted to a person (or a group of persons) having individuals in his (or their) employ unless (A) the guaranty of remuneration was fulfilled in the year preceding the computation date; and (B) the balance of such account amounts to not less than 2½ per centum of that part of the pay roll or pay rolls the the three years preceding the computation date by which contributions to such account were measured; and (C) such contributions were payable to such account with respect to three years preceding the computation date;

(3) No reduced rate of contributions to a reserve account is permitted to a person (or group of persons) having individuals in his (or their) employ unless (A) compensation has been payable from such account throughout the year preceding the computation date, and (B) the balance of such account amounts to not less than five times the largest amount of compensation paid from such account within any one of the three years preceding such date, and (C) the balance of such account amounts to not less than 2½ per centum of that part of the pay roll or pay rolls for the three years preceding such date by which contributions to such account were measured, and (D) such contributions were payable to such account with respect to the three years preceding the computation date.

For any person (or group of persons) who has (or have) not been subject to the State law for a period of time sufficient to compute the reduced rates permitted by paragraphs (1), (2), and (3) of this subsection on a three-year basis, the period of time required may be reduced to the amount of time the person (or group of persons) has (or have) had experience under or has (or have) been subject to the State law, whichever is appropriate, but in no case less than one year immediately preceding the computation date.

* * * * * * *

SEC. 1605. PAYMENT OF TAXES.

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[(c) INSTALLMENT PAYMENTS.—The taxpayer may elect to pay the tax in four equal installments instead of in a single payment, in which case the first installment shall be paid not later than the last day prescribed for the filing of returns, the second installment shall be paid on or before the last day of the third month, the third installment on or before the last day of the sixth month, and the fourth installment on or before the last day of the ninth month, after such last day. If the tax or any installment thereof is not paid on or before the last day of the period fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.]

(c) *Time for Payment.—The tax shall be paid not later than January 31, next following the close of the taxable year.*

(d) Extension of Time for Payment.—At the request of the taxpayer the time for payment of the tax [or any installment thereof] may be extended under regulations prescribed by the Commissioner with the approval of the Secretary, for a period not to exceed six months from the last day of the period prescribed for the payment of the tax [or any installment thereof]. The amount of the tax in respect of which any extension is granted shall be paid (with interest at the rate of one-half of 1 per centum per month) on or before the date of the expiration of the period of the extension.

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SEC. 1606. INTERSTATE COMMERCE AND FEDERAL INSTRUMENTALITIES.

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(e) The legislature of any State may, with respect to service to be performed after December 31, 1945, *and before January 1, 1955*, by a laborer, mechanic, or workman, in connection with construction work or the operation and maintenance of electrical facilities, as an employee performing service for the Bonneville Power Administrator (hereinafter called the Administrator), require the Administrator, who for purposes of this subsection is designated an instrumentality of the United States, and any such employee, to make contributions to an unemployment fund under a State unemployment compensation law approved by the Board under section 1603 and to comply otherwise with such law. Such permission is subject to the conditions imposed by subsection (b) of this section upon permission to State legislatures to require contributions from instrumentalities of the United States. The Administrator is authorized and directed to comply with the provisions of any applicable State unemployment compensation law on behalf of the United States as the employer of individuals whose service constitutes employment under such law by reason of this subsection.

* * * * * * *

SEC. 1607. DEFINITIONS.

When used in this subchapter—

(a) Employer.—The term "employer" does not include any person unless on each of some twenty days during the taxable year, each day being in a different calendar week, the total number of individuals who were employed by him in employment for some portion of the day (whether or not at the same moment of time) was [eight] *four* or more.

* * * * * * *

(m) Certain Employees of Bonneville Power Administrator.—The term "employment" shall include such service as is determined by the Bonneville Power Administrator (hereinafter called the Administrator) to be performed after December 31, 1945, *and before January 1, 1955*, by a laborer, mechanic, or workman, in connection with construction work or the operation and maintenance of electrical facilities, as an employee performing service for the Administrator. The term "wages" means, with respect to service which constitutes employment by reason of this subsection, such amount of remuneration as is determined (subject to the provisions of this section) by the Administrator to be paid for such service. The Administrator is authorized and directed to comply with the provisions of the internal revenue laws on behalf of the United States as the employer of individuals whose service constitutes employment by reason of this subsection.

SOCIAL SECURITY ACT

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TITLE XV—UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

DEFINITIONS

SEC. 1501. When used in this title—

(a) The term "Federal service" means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term shall not include service performed—

(1) by an elective officer in the executive or legislative branch of the Government of the United States;

(2) as a member of the Armed Forces of the United States;

(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);

(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code;

(5) outside the United States by an individual who is not a citizen of the United States;

(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

(9) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

(12) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States.

For the purpose of paragraph (5) of this subsection, the term "United States" when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(b) The term "Federal wages" means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

(c) The term "Federal employee" means an individual who has performed Federal service.

(d) The term "compensation" means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

(e) The term "benefit year" means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

(f) The term "Secretary" means the Secretary of Labor.

COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

(b) *Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 had been included as employment and wages under such law.*

(c) *Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.*

(d) *Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.*

COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under the law of such State, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final decisions of the Secretary of Health, Education, and Welfare under title II.

(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such Act, the furnishing of such personnel and facilities shall be deemed to be a part of the administration of the public employment offices of such agencies.

STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal service and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federal service prior to the filing of his first claim for compensation for the benefit year, except that—

(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal service and Federal wages shall be assigned to such other State;

(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

TREATMENT OF ACCRUED ANNUAL LEAVE

SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of accumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concerning allocation over the period, such payment shall constitute Federal wages.

PAYMENTS TO STATES

SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

INFORMATION

SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's

entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

(1) whether the employee has performed Federal service,

(2) the periods of such service,

(3) the amount of remuneration for such service, and

(4) the reasons for termination of such service.

The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency or errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c).

(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303.

PENALTIES

SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

(B) as a result of such action has received any amount as compensation under this title to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the two-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 1502 (c) and 1503 (c).

(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and credited to the current applicable appropriation, fund, or account from which payment was made.

REGULATIONS

SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

APPROPRIATIONS

SEC. 1510. There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title.

SUPPLEMENTAL VIEWS ON H. R. 9709

While it would bring certain minor benefits to workers not presently covered, this bill does nothing to repair the basic weaknesses or to meet the most pressing needs of the unemployment insurance system. While it represents virtually the entirety of the administration's program for Federal action in this field, it is really not a program at all but a feeble token gesture serving as a gloss to cover the absence of a program. It demonstrates an unwillingness to take the kind of action that is demanded by the present serious economic situation and by the defects and inadequacies that have undermined the effectiveness of unemployment insurance as a weapon against rising unemployment.

Serious unemployment is an actuality at the present time, with all the human tragedy and suffering which is connected with unemployment. It is far from a theoretical threat, which some would have us believe. Including workers involuntarily on short time, about 8.5 percent of the labor force is now suffering from unemployment. Employment in the manufacturing, mining, and transportation industries alone had declined 2 million in May of this year from what it was in May of 1953. The economy of the country cannot carry unemployment in proportions such as these without serious consequences.

A major contribution to our sagging economy at this time would be realistic and adequate improvements in unemployment insurance. This can only be accomplished by action on the part of the Federal Government.

What does the majority bill do? It only extends coverage and reduces the time in which a new employer can get an experience rating and thereby a tax reduction. The bill does not even cover employers with 1 to 3 employees, or cover marginal agricultural processing workers, as the administration recommended.

Nothing in this bill will add one penny to the payments of the great majority of workers who are already covered by unemployment insurance.

Unfounded claims may be made that the administration is recommending and Congress is enacting extensive improvements in the Federal-State system. Certainly this bill does not justify such claims. Nor does the other bill passed by the House last year, H. R. 5173. That bill would seriously weaken the ability of the Federal Government to carry out proper Federal responsibilities. It gives no permanent aid to States with heavy unemployment problems. It lends them money, but with harsh repayment provisions, so they would have to reduce rather than raise benefits.

The administration has failed to recommend basic improvements at the Federal level in the unemployment insurance program. Instead, it has sought to shift this responsibility to the States by suggesting that they make the needed improvements. An exhortatory

letter of suggestions from Washington will not bring about adequate benefits.

It is the duty and the responsibility of the Federal Government to bring about improvements in unemployment insurance by establishing minimum standards for size of weekly payments, duration of payments, in disqualifications, and in financing. Only by such action can the system be made adequate to carry out its intended purpose of providing basic protection to unemployed workers.

About 40,000 workers a week are exhausting their rights to the pitifully inadequate payments now provided under State laws. The average payment is less than $25 a week, and this is not even enough to meet nondeferrable expenses. The unemployed are being forced to use up what little savings they may have, and then turn to public assistance, if they can get it.

The problems at the present time arise not because there is a shortage in funds, in most States, but because of the great reluctance of the States, each under pressure to compete with all the others in holding down payments and taxes, to provide adequate benefits. Large reserve funds have been accumulated, reaching a level of almost $9 billion at the end of 1953. Yet only about $1 out of each $5 in lost wages and salaries is being replaced by unemployment insurance payments. This is not sufficient to ease substantially the impact of unemployment and to avoid its repercussions on the economy of the country as a whole, and particularly in local communities where there is substantial unemployment.

Benefits have lagged seriously behind average weekly wages since the program was established in the Social Security Act of 1935. While average weekly wages in covered employment tripled between 1936 and 1953, payment ceilings for unemployment insurance purposes on the average did not even double. Wages have been increasingly outdistancing ceilings on weekly insurance payments, until now they represent only about two-fifths of the average weekly earnings, compared with the figure of two-thirds of such earnings in the 1930's. It is said that proportionately lower payment ceilings are justified because the hours of work and premium overtime are greater now than in 1936. Statistics fail to bear out this contention. Average weekly hours in manufacturing for the year 1936 were 39. For the last quarter of 1953, they were also about 39. Moreover, today workers who are laid off lose substantial rights to pensions, health benefits, and other types of protection as well as seniority rights.

Since the inauguration of the program, employers have received far more proportionately from unemployment insurance funds in the form of tax reductions than workers have received in the form of benefit increases. The average tax paid by employers now is less than half of the level originally projected for them when the program was established. While the contributions of employers have been reduced by over one-half, the average weekly payments for workers declined relatively from 43 percent of average weekly wages in covered employment in 1938 to 33 percent in 1953, and the proportion of workers whose benefits were depressed by payment ceilings rose from less than one-quarter to over one-half of the compensated weeks of total unemployment.

We agree fully with the present administration that something must be done and be done quickly to improve the Federal-State

unemployment payments programs; however, we do not agree that this responsibility should be passed to the States. This is not the proper way for our national leadership to discharge an obligation that properly rests with it. Experience has shown that very little will be done to carry out the suggestions and recommendations of the present administration. The friends of the Federal-State unemployment insurance program have for years endeavored to bring about improvements in it at the Federal level.

In our opinion, the present administration has completely ignored its responsibilities in the field of unemployment insurance. This is not hard to understand, when we recall that high-ranking officials in the present administration have openly bragged about the fact that this is a businessman's administration. Be that as it may, it would still appear obvious that the best interests of the economy of the country would be served by vigorous Federal action to restore the unemployment insurance program to at least a minimum standard of decency and fairness. The value of the Federal-State unemployment insurance program has been proved time and again, not only to the workers concerned but also to businessmen and to the communities involved in unemployment. Everyone stands to gain if this program is brought up to par and to lose if it is permitted to deteriorate.

Positive action is required on the part of the Federal Government at this time, and we have sponsored a bill calling for positive action. This bill, H. R. 9430, was introduced by Mr. Forand, who is signing this report, and cosponsored by 86 other Members of the House. Its major provisions follow:

I. PAYMENTS

The maximum primary payment under State laws would be not less than 66⅔ percent of the State's average weekly wage. Subject to this maximum, each individual's primary payment would be not less than 50 percent of his weekly wages. The effect of these provisions would be to raise the maximums in most States by between $10 and $20. (President Eisenhower and Secretary of Labor Mitchell early this year urged the States to adopt similar standards. No State has done so.)

II. DURATION

Payments would be made to all unemployed insured individuals for a period of not less than 39 weeks. (Only 4 States now provide 26 weeks to all workers; President Eisenhower and Secretary Mitchell urged the others to do the same; none has done so.)

III. DISQUALIFICATIONS

States would be prohibited from unfairly denying payments to workers by limiting the reasons for which they may be disqualified, by setting forth the types of disqualifications, and by preventing oversevere eligibility requirements.

A. An individual who is able to work and available for suitable work could be disqualified only for the following reasons and for periods not in excess of those noted:

(*a*) Leaving suitable work without good cause (including good personal reasons)—for a period not in excess of 4 weeks;

(*b*) Discharge for misconduct connected with the work—for a period not in excess of 4 weeks;

(*c*) Refusing suitable work without good cause (including good personal reasons)—for a period not in excess of 4 weeks;

(*d*) For any week in which his unemployment is due to a stoppage of work which exists because of a strike at the unemployed worker's plant, provided that unemployment due to a strike occasioned by the following actions of the employer shall be compensated:

(1) The failure or refusal of the employer to conform to Federal or State laws pertaining to collective bargaining or to wages, hours, or other conditions of work;

(2) The employer's insistence on wages, hours, or other conditions of work less favorable than those prevailing for similar work in the locality.

B. Standards of suitability of work would be spelled out in the bill along the lines of the standards contained in section 1603 (a) (5) of the Internal Revenue Code. In addition, the bill would set forth general criteria which would have to be taken into account in determining whether the disqualification for refusing or leaving work should be applied.

IV. COVERAGE

Would be broadened to resemble the coverage of the old-age and survivors insurance program. Employers who have one or more individuals in their employ at any time during the taxable year would be covered.

V. FINANCING

A. States would be permitted to provide for uniform rate reductions to all employers as well as individual experience-rated reductions.

B. Proceeds of the Federal Unemployment Tax Act would be earmarked in a Federal unemployment account in the Federal Treasury. Such account would be used for (*a*) paying the Federal and State administrative expenses (including the establishment of a contingency fund) and (*b*) reinsurance grants to those States who are in financial difficulty because of high rates of unemployment. These grants would have appropriate safeguards but no harsh repayment strings. They would permit States with unusually heavy unemployment to make adequate payments without raising employer taxes so far above levels in other States as to accelerate the outmigration of industry.

The States would be required to improve their laws by July 1, 1955, to meet the new standards provided in the bill. In the meantime, the Federal Government would provide funds for making payments to unemployed workers up to the standards set forth in the bill.

Legislation along the lines of this bill offers the best and probably the only hope that workers will receive adequate protection, and that the unemployment insurance program will once again perform its broad economic function of maintaining purchasing power during periods of unemployment.

The opponents of an adequate unemployment insurance program argue that if payments are increased, wage earners will not have the incentive to work which they would otherwise have. This is nonsense, and an insult to American workers. They want jobs, not pay

for idleness. The opponents also argue in the States that if the amounts of payments or taxes are increased, industry will not be attracted to a State and will go elsewhere. If this argument is true, it is even more important that the Federal Government establish standards for payments and payment durations. To allow the present trend to continue is to obstruct and interfere with commerce among the several States and to weaken the national economy, well-being, and security.

We have set forth only a few of the arguments as to why payments and duration of payments should be increased. We are convinced that the approach taken by the administration, while recognizing the need for an increase in weekly payments and in duration of payments, will lead to few if any results. Unemployment is governed by nationwide economic forces, and should be dealt with on a nationwide basis. The proposals in the bill which we have sponsored would so deal with these problems, but the reported bill and the administration would not.

This Congress is about to go home to face millions of unemployed workers. It will go with empty hands, so far as meeting their needs for unemployment insurance payments adequate as to weekly amounts and number of weeks' duration. They have asked us for bread, paid for on insurance principles; we are about to give them a stone.

We recommend adoption of the provisions of H. R. 9430, which is the only practical way to implement President Eisenhower's recommendations that payments be increased in amount and extended in number of weeks' duration. Again, for practical purposes, President Eisenhower's overall legislative program has been abandoned by his own party.

JOHN D. DINGELL.
AIME J. FORAND.
HERMAN P. EBERHARTER.
CECIL R. KING.
THOMAS J. O'BRIEN.

DISSENTING VIEWS OF HON. JOHN W. BYRNES

I respectfully dissent from the action of the committee taken with respect to sections 1 and 2 of H. R. 9709. Section 1 provides for the application of the Federal Unemployment Tax Act to employers of 4 or more in 20 weeks. Section 2 permits the establishment of an experience rating based on a minimum employment record of 1 year for employers not having a 3-year record as provided under existing law. In my opinion, present law should be continued with respect to both of these provisions.

JOHN W. BYRNES.

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Union Calendar No. 721

83D CONGRESS
2D SESSION

H. R. 9709

[Report No. 2001]

IN THE HOUSE OF REPRESENTATIVES

JUNE 28, 1954

Mr. REED of New York introduced the following bill; which was referred to the Committee on Ways and Means

JUNE 29, 1954

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

A BILL

To extend and improve the unemployment compensation program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective with respect to services performed after December 31, 1954, section 1607 (a) of the Internal Revenue Code is hereby amended by striking out "eight or more" and inserting in lieu thereof "four or more".

SEC. 2. Effective with respect to rates of contributions for periods after December 31, 1954, section 1602 (a) of the Internal Revenue Code is hereby amended by adding after paragraph (3) the following:

"For any person (or group of persons) who has (or

have) not been subject to the State law for a period of time sufficient to compute the reduced rates permitted by paragraphs (1), (2), and (3) of this subsection on a three-year basis, the period of time required may be reduced to the amount of time the person (or group of persons) has (or have) had experience under or has (or have) been subject to the State law, whichever is appropriate, but in no case less than one year immediately preceding the computation date."

SEC. 3. Effective with respect to the taxable year 1955 and succeeding taxable years—

(1) section 1605 (c) of the Internal Revenue Code is hereby amended to read as follows:

"(c) TIME FOR PAYMENT.—The tax shall be paid not later than January 31, next following the close of the taxable year."; and

(2) section 1605 (d) of the Internal Revenue Code is hereby amended by striking out "or any installment thereof" each place it appears.

SEC. 4. (a) The Social Security Act, as amended, is further amended by adding after title XIV thereof the following new title:

"TITLE XV—UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

"DEFINITIONS

"SEC. 1501. When used in this title—

"(a) The term 'Federal service' means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term shall not include service performed—

"(1) by an elective officer in the executive or legislative branch of the Government of the United States;

"(2) as a member of the Armed Forces of the United States;

"(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);

"(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code;

"(5) outside the United States by an individual who is not a citizen of the United States;

"(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

"(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

"(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

"(9) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

"(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

"(12) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively

of individuals otherwise in the full-time employ of the United States.

For the purpose of paragraph (5) of this subsection, the term 'United States' when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

"(b) The term 'Federal wages' means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

"(c) The term 'Federal employee' means an individual who has performed Federal service.

"(d) The term 'compensation' means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

"(e) The term 'benefit year' means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

"(f) The term 'Secretary' means the Secretary of Labor.

"COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

"SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

"(b) Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 had been included as employment and wages under such law.

"(c) Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section shall be subject to review in the same

manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

"(d) Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.

"COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

"SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under the law of

such State, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final

determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final decisions of the Secretary of Health, Education, and Welfare under title II.

"(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such Act, the furnishing of such personnel and facilities shall be deemed to be a part of the administration of the public employment offices of such agencies.

"STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

"SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal service and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federal service prior to the filing

of his first claim for compensation for the benefit year, except that—

"(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal service and Federal wages shall be assigned to such other State;

"(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

"(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

"TREATMENT OF ACCRUED ANNUAL LEAVE

"SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of ac-

cumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concerning allocation over the period, such payment shall constitute Federal wages.

"PAYMENTS TO STATES

"SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

"(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

"(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State

sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

"(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

"(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

"(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

"(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

"(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

"INFORMATION

"SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

"(1) whether the employee has performed Federal service,

"(2) the periods of such service,

"(3) the amount of remuneration for such service, and

"(4) the reasons for termination of such service.

The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency of errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c).

"(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303.

"PENALTIES

"SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

"(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

"(B) as a result of such action has received any amount as compensation under this title to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the two-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 1502 (c) and 1503 (c).

"(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and cred-

ited to the current applicable appropriation, fund, or account from which payment was made.

"REGULATIONS

"SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

"APPROPRIATIONS

"SEC. 1510. There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title."

(b) Section 1606 (e) and section 1607 (m) of the Internal Revenue Code are each hereby amended by inserting after "December 31, 1945," the following: "and before January 1, 1955,".

Union Calendar No. 721

83D CONGRESS
2D SESSION

H. R. 9709

[Report No. 2001]

A BILL

To extend and improve the unemployment compensation program.

By Mr. REED of New York

JUNE 28, 1954

Referred to the Committee on Ways and Means

JUNE 29, 1954

Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

leasing laws, on the same tracts of the public lands (pp. 9577, 9581-93).

S. 2380, to amend various provisions of the mineral leasing laws so as to encourage exploration and development of the oil and gas reserves of the public domain (pp. 9593, 9596-8).

S. 2381, to increase the amount of public land that any one person, etc., may hold under an oil and gas lease (pp. 9598-9).

8. STOCKPILING. The Minerals, Materials, and Fuels Economic Subcommittee submitted a report (June 23) containing findings and recommendations to the Interior and Insular Affairs Committee, pursuant to S. Res. 143, directing a study of the accessibility of strategic and critical materials (including agricultural products) to the U. S. The following is an excerpt from the report: "Obviously if we adopt free trade we should abandon our entire price support program. If we do not do this, we would be attempting to support farm prices all over the world at the expense of the American taxpayer." A committee print of this report is available in the Legislative Reporting Staff for lending purposes.

HOUSE

9. UNEMPLOYMENT COMPENSATION. Passed, 309-36, without amendment H. R. 9709, to extend and amend the unemployment-compensation program (pp. 9490-522). The bill contains a provision which is described as follows in the committee report:

"H. R. 9709 provides for unemployment insurance for Federal civilian workers, including Puerto Rico or the Virgin Islands, and elsewhere, if citizens of the United States. (Nearly all of the exceptions to coverage are identical with the categories of Federal workers excluded from the Social Security Act for purposes of the old-age and survivors insurance.) Unemployment compensation will be payable to such Federal workers who are unemployed after December 31, 1954. A Federal worker's rights to benefits are to be determined under the unemployment-compensation law of the State to which his Federal services and wages are assigned. Usually, this will be the State in which the worker had his official station when he became unemployed, or, if he has been in Foreign Service, the State in which he resides when he files his claim. Compensation will not be paid for the period with respect to which accrued annual leave is paid upon separation."

10. RESEARCH; FORESTRY; FARM LOANS. The Agriculture Committee reported without amendment S. 2367, to authorize USDA research appropriations to be available for accomplishing their purpose by contract (this authority is now limited to research under the Research and Marketing Act) (H. Rept. 2100); and H. R. 9345, to grant the consent and approval of Congress to the Southeastern Interstate Forest Fire Protection Compact (H. Rept. 2099); and with amendment S. 3487, to authorize the Central Bank for Cooperatives and the regional banks for cooperatives to issue consolidated debentures (H. Rept. 2101) (p. 9544).

The Committee also ordered reported (but did not actually report) H. R. 6393, to grant the consent and approval of Congress to the South Central Interstate Forest Fire Protection Compact (p. D798).

11. PESTICIDES. Concurred in the Senate amendment to H. R. 7125, to amend the Federal Food Drug, and Cosmetic Act so as to improve, simplify, and speed up the procedure thereunder in regulating the amount of residue which may remain on raw agricultural commodities after use of pesticide chemicals (p. 9522). This bill will now be sent to the President.

12. TRADE AGREEMENTS. Both Houses received the President's message transmitting a report on the inclusion of escape clauses in existing trade agreements; to House Ways and Means Committee and Senate Finance Committee (H. Doc. 470) (pp. 9489, 9547).

13. TRAVEL. Passed as reported H. R. 179, to provide for payment of expenses of round trip transportation of Federal employees and their immediate families, but not household effects from posts of duty outside continental U. S. (pp. 9489, 9527). This bill had earlier been reported with amendments by the Government Operations Committee (H. Rept. 2096) (p. 9544). As passed, the bill allows payment for round trip travel of the employees and their immediate families from their posts of duty outside the continental U. S. to places of actual residence at time of appointment or transfer to such overseas posts of duty and who are returning thereto for the purpose of taking leave prior to serving another tour of duty at the same or some other post outside continental U. S.

14. VOCATIONAL REHABILITATION. Passed, 347-0, H. R. 9640, to extend and improve services under the Vocational Rehabilitation Act (pp. 9488-89). Vacated earlier passage of this bill, and passed S. 2759, a similar bill, after amending it to contain the language of H. R. 9640. House and Senate conferees were appointed. (pp. 9523-7,9607-11.)

15. FCA AUDIT REPORT. Received GAO's audit report on the FCA for the 1953 fiscal year (p. 9544).

16. HOUSING LOANS. The conferees were authorized until midnight July 10 to file a conference report on H. R. 7839, which includes a provision continuing the rural-housing loan program (p. 9541).

17. VIRGIN ISLANDS. The conferees were authorized until midnight July 10 to file a conference report on S. 3378, to revise the Virgin Islands Organic Act (which includes a provision relating to the importation of diseased animals) (p. 9541).

18. PERSONNEL. The Post Office and Civil Service Committee was granted permission until midnight July 10 to file a report on H. R. 9836, the Federal employees' pay and reclassification bill (p. 9541).

19. RECLAMATION; ELECTRIFICATION. House conferees were appointed on H. R. 4854, to authorize Interior to construct the Foster Creek division, Chief Joseph Dam project, Wash. (p. 9528). Senate conferees have not yet been appointed.

20. ADJOURNED until Mon., July 12 (p. 9544). The Legislative Program for next week, as announced by Rep. Arends: The House will consider bills to authorize increase in interest rates on direct and insured loans under the Bankhead-Jones Act, etc., transfer surplus CCC hay and pasture seeds to FS and other land administering agencies, and, if rules are granted, bills to increase limit on individual water facilities loans and expand area of coverage to entire country; and health reinsurance (pp. 9540-1).

BILLS INTRODUCED

21. MONOPOLY. H. R. 9834, by Rep. Hoffman, Mich., to provide for taking the Fed. Government out of competition with private enterprise; to Government Operations Committee (p. 9546).

83D CONGRESS
2d Session
HOUSE OF REPRESENTATIVES
REPORT
No. 2033

CONSIDERATION OF H. R. 9709

July 7, 1954.—Referred to the House Calendar and ordered to be printed

Mr. ALLEN of Illinois, from the Committee on Rules, submitted the following

REPORT

[To accompany H. Res. 614]

The Committee on Rules, having had under consideration House Resolution 614, report the same to the House with the recommendation that the resolution do pass.

O

House Calendar No. 228

83D CONGRESS
2D SESSION

H. RES. 614

[Report No. 2033]

IN THE HOUSE OF REPRESENTATIVES

JULY 7, 1954

Mr. ALLEN of Illinois, from the Committee on Rules, reported the following resolution; which was referred to the House Calendar and ordered to be printed

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RESOLUTION

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of H. R. 9709, a bill to extend and improve the unemployment compensation program, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed three hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by

direction of the Committee on Ways and Means and except that it shall be in order for any member of the Committee on Ways and Means to offer either or both of the proposed amendments printed in the Congressional Record of July 7, 1954, and said amendments shall be in order, any rule of the House to the contrary notwithstanding, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

House Calendar No. 228

83D CONGRESS
2D SESSION

H. RES. 614

[Report No. 2033]

RESOLUTION

Providing for the consideration of H. R. 9709, a bill to extend and improve the unemployment compensation program.

By Mr. ALLEN of Illinois

JULY 7, 1954
Referred to the House Calendar and ordered to be printed

Secrest	Talle	Westland
Seely-Brown	Teague	Whitten
Selden	Thomas	Wickersham
Sheehan	Thompson, Mich.	Widnall
Shelley	Thornberry	Wier
Sheppard	Tollefson	Wigglesworth
Sicminski	Trimble	Williams, Miss.
Sikes	Tuck	Williams, N. J.
Simpson, Ill.	Utt	Williams, N. Y.
Small	Van Pelt	Wilson, Calif.
Smith, Kans.	Van Zandt	Wilson, Ind.
Smith, Miss.	Velde	Wilson, Tex.
Smith, Va.	Vinson	Winstead
Smith, Wis.	Vorys	Withrow
Spence	Vursell	Wolverton
Springer	Wainwright	Yates
Staggers	Walter	Young
Stauffer	Wampler	Younger
Steed	Warburton	Zablocki
Stringfellow	Watts	
Taber		

NOT VOTING—87

Albert	Frazier	Perkins
Allen, Ill.	Harris	Pilcher
Angell	Harrison, Va.	Pillion
Baker	Harrison, Wyo.	Powell
Berry	Harvey	Preston
Blatnik	Heller	Rabaut
Bonin	Hillings	Radwan
Bonner	Hinshaw	Regan
Bow	Jensen	Richards
Buckley	Johnson, Calif.	Roberts
Busbey	Judd	Robeson, Va.
Camp	Kee	Roosevelt
Carnahan	Kersten, Wis.	Sadlak
Chatham	Kilday	Scott
Coon	Landrum	Shafer
Cotton	Lanham	Short
Curtis, Nebr.	Long	Shuford
Davis, Tenn.	Lucas	Simpson, Pa.
Dawson, Ill.	Lyle	Sullivan
Dingell	McGregor	Sutton
Dodd	Metcalf	Taylor
Dorn, N. Y.	Miller, Kans.	Thompson, La.
Dowdy	Morano	Thompson, Tex.
Durham	Moulder	Weichel
Ellsworth	Norblad	Wharton
Evins	Passman	Wheeler
Fallon	Patman	Willis
Feighan	Patten	Wolcott
Fisher	Patterson	Yorty

So the bill was passed.

The Clerk announced the following pairs:

Mr. Harvey with Mr. Carnahan.
Mr. Morano with Mr. Fallon.
Mr. Allen of Illinois with Mr. Metcalf.
Mr. Short with Mr. Chatham.
Mr. Simpson of Pennsylvania with Mr. Fisher.
Mr. Taylor with Mrs. Kee.
Mr. Baker with Mr. Harrison of Virginia.
Mr. McGregor with Mr. Roberts.
Mr. Busbey with Mrs. Sullivan.
Mr. Sadlak with Mr. Shuford.
Mr. Shafer with Mr. Thompson of Louisiana.
Mr. Judd with Mr. Willis.
Mr. Berry with Mrs. Landrum.
Mr. Bonin with Mr. Camp.
Mr. Bow with Mr. Preston.
Mr. Coon with Mr. Bonner.
Mr. Norblad with Mr. Lanham.
Mr. Patterson with Mr. Frazier.
Mr. Ellsworth with Mr. Moulder.
Mr. Scott with Mr. Passman.
Mr. Wolcott with Mr. Perkins.
Mr. Johnson of California with Mr. Roosevelt.
Mr. Dorn of New York with Mr. Heller.
Mr. Curtis of Nebraska with Mr. Buckley.
Mr. Wharton with Mr. Powell.
Mr. Hillings with Mr. Dingell.
Mr. Jensen with Mr. Patman.
Mr. Pillion with Mr. Pilcher.
Mr. Radwan with Mr. Long.
Mr. Harrison of Wyoming with Mr. Lyle.
Mr. Cotton with Mr. Lucas.
Mr. Angell with Mr. Regan.
Mr. Weichel with Mr. Evins.
Mr. Kersten of Wisconsin with Mr. Harris.
Mr. Hinshaw with Mr. Dodd.

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

The doors were opened.

TRADE AGREEMENTS EXTENSION ACT—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 470)

The SPEAKER laid before the House the following message from the President of the United States, which was read by the Clerk, and, together with accompanying papers, referred to the Committee on Ways and Means and ordered printed:

To the Congress of the United States:

Pursuant to the provisions of subsection (b) of section 6 of the Trade Agreements Extension Act of 1951 (65 Stat. 72, 73), I hereby submit to the Congress a report on the inclusion of escape clauses in existing trade agreements.

This report was prepared for me by the Interdepartmental Committee on Trade Agreements.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *July 8, 1954.*

(Enclosure: Report on trade agreement escape clauses.)

AMENDING PART II OF INTERSTATE COMMERCE ACT

Mr. BENNETT of Michigan. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7468) to amend certain provisions of part II of the Interstate Commerce Act so as to authorize regulation, for purposes of safety and protection of the public, of certain motor-carrier transportation between points in foreign countries, insofar as such transportation takes place within the United States, with a Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 3, line 1, after "operates", insert "and with the Interstate Commerce Commission."

Mr. PRIEST. Mr. Speaker, reserving the right to object, and I shall not, if I understand, the Senate amendment requires filing with the Interstate Commerce Commission in addition to an agent in each State; is that correct?

Mr. BENNETT of Michigan. That is correct; that is all the amendment does.

Mr. PRIEST. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

SPECIAL ORDER GRANTED

Mr. JAVITS asked and was given permission to address the House for 5 minutes today, following any special orders heretofore entered.

AMENDMENT OF ADMINISTRATIVE EXPENSES ACT OF 1946, AS AMENDED

Mrs. CHURCH. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H. R. 179) to amend section 7 of the Administrative Expenses Act of 1946, as amended.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the present consideration of the bill?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 7 of the Administrative Expenses Act of 1946 (60 Stat. 806; 5 U. S. C. 73b–3), as amended, is further amended by changing the period at the end thereof to a colon and adding the following: *"Provided further,* That expenses of return travel and transportation, including authorized dependents but excluding household effects, from their posts of duty outside the continental United States to the places of actual residence at time of appointment to such overseas posts of duty, shall be allowed in the case of persons who have satisfactorily completed an agreed period of service overseas and are returning to their actual place of residence for the purpose of taking leave prior to serving another tour of duty at the same overseas post, under a new written agreement entered into before departing from the overseas post: *Provided further,* That expenses of transportation and of the immediate family and shipment of household effects of any employee from the post of duty of such employee outside continental United States to place of actual residence at time of appointment shall be allowed prior to the return of such employee to the United States when the employee has acquired eligibility for such transportation or when the public interest requires the return of the dependents for compelling personal reasons of a humanitarian or compassionate nature, such as may involve physical or mental health, death of any member of the immediate family, or obligation imposed by authority or circumstance over which the individual has no control: *And provided further,* That when an employee returns his immediate family and household goods to the United States at his own expense prior to his return and for other than reasons of public interest, the Government shall reimburse him for proper transportation expenses at such time as he acquires eligibility."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PLEDGE OF ALLEGIANCE TO THE FLAG

(Mr. COLE of Missouri asked and was given permission to address the House for 1 minute.)

Mr. COLE of Missouri. Mr. Speaker, on June 14, this year, President Eisenhower signed Public Law 396, 83d Congress, a joint resolution that had been adopted by both the House and the Senate without a dissenting vote, which amended the Pledge of Allegiance to our flag, by inserting the words "under God" after the word "Nation." The pertinent part of this law now reads as follows:

SEC. 7. The following is designated as the pledge of allegiance to the flag: "I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one Nation under God, indivisible,

with liberty and justice for all." Such pledge should be rendered by standing with the right hand over the heart. However, civilians will always show full respect to the flag when the pledge is given by merely standing at attention. men removing the headdress Persons in uniform shall render the military salute.

This is as it should be. Our success as a nation is due to the fact that we are God fearing people, and we should let the world know that our Republic is now, and always has been, on God's side.

Mr. Speaker, as I have had many inquiries from my district regarding the present wording of this new pledge of allegiance to our flag, I am, at my own expense, having reprints made of this speech, in order to make it available to every family in my congressional district.

UNEMPLOYMENT COMPENSATION PROGRAM

Mr. LATHAM. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 614 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of H. R. 9709, a bill to extend and improve the unemployment compensation program, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill, and shall continue not to exceed 3 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means and except that it shall be in order for any member of the Committee on Ways and Means to offer either or both of the proposed amendments printed in the CONGRESSIONAL RECORD of July 7, 1954, and said amendments shall be in order, any rule of the House to the contrary notwithstanding, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment, the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit.

The SPEAKER. The gentleman from New York is recognized for 1 hour.

Mr. LATHAM. Mr. Speaker, I yield 30 minutes of my time to the gentleman from Virginia [Mr. SMITH], and at this time I yield myself such time as I may consume.

Mr. Speaker, this rule makes in order consideration by the House of the bill, H. R. 9709, and provides for 3 hours of general debate. It is a closed rule. It permits amendments to be offered by the committee, and also two specific amendments which were printed in the RECORD yesterday. Points of order are waived.

The bill, H. R. 9709, is one which will improve and bring up to date, and to maturity, the unemployment insurance program of this country, which has not been substantially changed or improved in the past 20 years. The main changes or improvements in that program are as follows:

In the first place, it would extend coverage to employers of 4 or more people in any 20 weeks, whereas under the present law it covers only employers of 8 or more within 20 weeks. This would add 1.3 million people to the coverage under this program.

The second changed is that substantially all Federal civilian emploees are covered in under the unemployment insurance program.

Third, this bill would extend the merit rating provision benefits to employees based upon a 1-year experience, whereas under the present law it is required that they have 3 years of experience before they are entitled to reductions under the program.

Finally, the quarterly installment provision in the law has been eliminated. The department has found that some 85 percent of the people never took advantage of the quarterly installment provision in any event, and it added considerable or would add under this program considerably to the cost of the administration of the program. That has therefore been eliminated.

This bill was reported out of the Ways and Means Committee, as I understand it, with one dissenting vote. It was based upon the arrangement that at the close of the 3 hours general debate the Members of the House would be given an opportunity to vote on these two specific amendments which have been printed in the RECORD and which, I understand, will be offered by the gentleman from Rhode Island [Mr. FORAND].

Those two amendments, which were not agreed to by the Committee on Ways and Means, if adopted, would for the first time put the Federal Government in the position of dictating to the States the amounts they are to pay in benefits under this program and the number of weeks these benefits would be paid.

This would obviously do violence to the principle that the Federal Government should leave to the States the actual operation of the unemployment insurance program, based upon the very good reason that conditions of labor and employment differ in various States.

There will undoubtedly be opposition to those two amendments. The Members will have an opporunity to vote on them very shortly after the close of the 3 hours general debate.

I hope this resolution will be adopted.

Mr. SMITH of Virginia. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. MADDEN].

(Mr. MADDEN asked and was given permission to revise and extend his remarks.)

Mr. MADDEN. Mr. Speaker, the rule on H. R. 9709 now under consideration, will give the Members of Congress an opportunity to act on much needed Federal legislation which will expand and equalize throughout the various States, our unemployment compensation legislation. Under the rule, it shall be in order to accept amendments offered by direction of the Committee on Ways and Means and any member of that committee can offer either or both of the proposed amendments which were inserted and printed in the Appendix of today's CONGRESSIONAL RECORD. Furthermore, under the rule, the amendments which I understand will be offered by our colleague, AIME FORAND, of Rhode Island, shall not be subject to further amendment.

The bill as reported out by the majority members of the Ways and Means Committee, does not provide for necessary increased unemployment compensation benefits neither as to amount or as to duration of time. This bill does not comply with the recommendations made by President Eisenhower when he asked that the primary maximum benefits payable in under State unemployment insurance laws should not be less than 66⅔ percent of the State's average weekly wage. The President further said that subject to this maximum, each individual's primary benefit shall not be less than 50 percent of his weekly wages.

The original intention of the supporters of the Social Security Act of 1935 was to provide unemployment compensation payments equal to at least 50 percent of full time weekly wages and up to a maximum of two-thirds of such wages which even at that time was in effect in the compensation laws of a great number of States.

The amendments which will be offered by the minority members of the Ways and Means Committee will also clarify the provisions wherein certain employees have been disqualified from receiving just compensation for personal reasons, misconduct charges, work stoppages, etc. Standards of suitability of work would be spelled out in the proposed amendments along the lines of the standards contained in section 1603 (a) (5) of the Internal Revenue Code. In addition, the amendments would set further general criteria which would have to be taken into account in determining whether the disqualification for refusing or leaving work should be applied. The amendments would further extend the coverage to employers who have one or more individuals in their employ at any time during the taxable year. Furthermore, States would be permitted to provide for uniform rate reductions to all employers as well as individual experience—rated reductions. Further, the proceeds of the Federal unemployment tax will be earmarked in a Federal unemployment insurance account in the Federal Treasury. Such account will be used for paying the Federal and State administrative expenses, including the establishment of a contingency fund and also provide reinsurance grants to certain States which are in financial difficulty because of high rates of unemployment. I am satisfied that after the Members learn during the 3 hours of debate, the provision set out in the Forand amendments, that the same should be adopted.

Satisfactory and expanded unemployment insurance is our greatest barrier against depression. Unemployment insurance will provide purchasing power for millions throughout the country and that in turn, will aid business and help restore normal prosperity generally. In

other words, it is the chief line of defense against recession. In January, the Federal Advisory Council on Unemployment Security supported the President's recommendation on improved weekly benefits. The Council recommended that in each State, the maximum weekly benefit amount should be equal to at least 60 to 67 percent of the States average weekly wage. President Eisenhower further urged that all States provide 26 weeks of benefits uniformly to all eligible claimants in order to assure that even in a minor business recession, most workers would remain protected by the program until they could find jobs. If these recommendations had been carried out, our economy today would have received a beneficial result and relieved a great deal of unemployment. The 20th National Conference on State Legislation which was called by the Federal Government and to which governors delegates from 41 States unanimously adopted a resolution supporting President Eisenhower's recommendation with respect to unemployment compensation benefit levels and also the extension of uniform weekly payment duration.

A couple of years ago Newsweek magazine, in a splendid article, stated that economically, our country could not hit the far depths of depression like we experienced from 1929 to 1934. In detail, this article stated that legislation passed in the last 20 years like social security, protection of bank deposits, housing, home loan, old age pensions, unemployment insurance, and other measures have provided a cushion of economic stability which would prevent another devastating depression. If the House adopts the Forand amendments to the bill under consideration, it will be a further step to curb the danger of another serious depression. The Congress must realize that they have a responsibility to act now against the threat of unemployment and decreasing buying power throughout the country. This is a national problem that is on our shoulders and we should act now.

Mr. SMITH of Virginia. Mr. Speaker, as the gentleman from New York has stated, this is a closed rule for the consideration of this bill to increase and extend and enlarge the unemployment insurance program. I opposed the rule in the Committee on Rules because I do not think that this bill should have a gag rule. Now, we have gag rules, and we necessarily have to have them on matters pertaining to the revenue act, that is, tax measures. We have them for the reason that it is impossible to write a tax bill on the floor of the House. But, this is an entirely different matter, and it seems to me that the House ought to have the freedom and the opportunity to express itself on this bill, to offer amendments to it, and to work its will on it. For that reason I am opposed to the rule in the form in which it is written.

As to the bill itself, I think serious consideration should be given to the fact that this bill undertakes to cover a number of employees that will make the employer subject to this tax of 3 percent upon his payroll. We have a lot of little struggling businesses in the country that employ 4 or 5 or 6 people. We have a lot of miscellaneous small businesses in this country who are struggling pretty hard now. We have a lot of little sawmill operators; all those little businesses for which we have from time to time expressed our sympathy. I hope we can do something to help them.

What we are doing to help them now, we might as well realize, is that we are putting a 3 percent tax on their payroll in addition to the 4 percent already on those payrolls. I do not know that our people are going to like that too much.

When you hit big business, when you hit the manufacturer, he has somebody here in Washington who knows what is going on and who advises him; and you get their reaction pretty quickly. But the fellow back in the sticks who is running a little sawmill, the fellow who is tending to his small business establishment, who gets up at 4 o'clock in the morning and goes to bed with the chickens at night, because he is too tired to read the newspapers, he does not know what you are doing up here and he does not realize what has been done until after you have done it. You do not get the reaction from him as soon as you get the reaction from the ordinary big businessman. I think you are going to find a good deal of chagrin and regret and opposition to this proposal which will hit your little businessman and your little sawmill operator who are now struggling with about all the tax that they can bear.

I realize that it is a very nice thing to do; it is nice to have these people get some unemployment compensation, but I think we should look at both sides of the picture. I think we should consider the tax burden that you are putting on thousands and thousands of small employers who are now carrying about all the load and paying about all the tax that the traffic will bear.

Mr. Speaker, I have no further requests for time.

Mr. LATHAM. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. REED of New York. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 9709) to extend and improve the unemployment compensation program.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 9709, with Mr. HOEVEN in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. REED of New York. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, H. R. 9709 extends the unemployment insurance system to almost 4 million workers to whom this protection is not available today. Thus, the bill provides the first major extension of the unemployment insurance system since its inception in 1935.

With the exception of relatively minor adjustments, the Federal Unemployment Tax Act has remained substantially unchanged in the almost 20 years which have elapsed since its enactment. However, it is no longer appropriate to deny the basic protection of this system to any segment of our working population to whom extension of coverage is demonstrably practical, and to whom coverage can be extended without doing violence to the need for recognition of State and local variations in employment conditions. This objective is achieved by H. R. 9709.

The Ways and Means Committee has recently recommended the extension of the old-age and survivors insurance system to approximately 10 million persons now excluded from that program. While these two proposals for broad extension—first with respect to old-age and survivors insurance and now with respect to unemployment insurance—are in no sense dependent upon each other, our committee conceives of them as part of a broad program to bring our social-security system to maturity.

Historically, unemployment insurance has been primarily a State program. H. R. 9709 continues this basic pattern. While the problem of unemployment must always be one of national concern, geographic variations both in economic conditions and in employment practices make it essential that actual implementation of an unemployment insurance system be carried out by State action. As a result, the Federal Unemployment Tax Act has never concerned itself with the amount of benefits or the duration for which benefits may be paid. These have always been matters for State determination. In his economic report transmitted to the Congress on January 28, 1954, the President described the present level of benefits as inadequate and the duration of benefits as deficient in many States. He urged State action to correct these defects. The Ways and Means Committee agrees with the President that these matters should be left to State determination.

The major purposes of H. R. 9709 may be summarized as follows:

First. The Federal Unemployment Tax Act is extended to employers of 4 or more employees in each of 20 weeks instead of 8 or more in 20 weeks as under the present law. It is estimated that this provision will make unemployment insurance protection available to approximately 1.3 million workers not now covered.

Second. Unemployment insurance is extended to substantially all Federal civilian employees, an addition of approximately 2.5 million workers.

Third. States are authorized to extend experience rating tax reductions to new and newly covered employers after they have had at least 1 year of coverage under the State law instead of 3 years as required today.

Fourth. The bill eliminates the privilege of paying the Federal unemployment tax in quarterly installments.

As I have just pointed out, the bill extends the Federal Unemployment Tax Act to employers who employ four or

more employees in each of 20 weeks during the year. The present law limits the tax to employers of 8 or more in the same period, although a number of States have already lowered their own requirements so as to cover employers with less than 8 employees.

Mr. Chairman, I ask unanimous consent to insert at this point in the RECORD a table of selectcd data on unemployment compensation. This table which appears on pages 4 and 5 of the committee report sets forth among other things a list of minimum requirements of the respective States for employer coverage.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(The table referred to is as follows:)

Selected data on unemployment compensation

State	Statutory minimum number of workers and period for employer coverage	Legal range of benefits				Benefits paid in 1953 (in thousands)	Average actual duration in 1953 (weeks)	Federal grants to States, fiscal year 1953 (in thousands)	Federal tax collections, fiscal year 1953 (in thousands)
		Benefits [1]		Weeks duration					
		Minimum	Maximum	Minimum	Maximum				
United States						$962,221	10.1	$196,323	$275,825
Alabama	8 in 20 weeks	$6	$22	11+	20	10,520	12.1	2,841	3,193
Alaska	1 at any time	$8–$10	$35–$70	12	26	5,641	9.7	650	305
Arizona	3 in 20 weeks	$5–$7	$20–$26	10	20	2,568	8.7	1,672	914
Arkansas	1 in 10 days	$7	$22	10	16	6,014	9.3	1,943	1,337
California	1 at any time	$10	$39	15–10+	26	97,363	11.4	19,775	21,516
Colorado	8 in 20 weeks	$7	$28–$35	10	20–26	2,117	9.3	1,508	1,861
Connecticut	4 in 13 weeks	$8–$11	$30–$45	15–10	26	7,966	6.3	3,002	5,634
Delaware	1 in 20 weeks	$7	$25	11	26	1,167	7.9	431	793
District of Columbia	1 at any time	$6–$7	$20	12+	20	2,365	10.7	1,230	1,564
Florida	8 in 20 weeks	$5	$20	7+	16	7,780	9.2	3,163	3,281
Georgia	do	$5	$26	20	20	10,226	10.3	3,051	4,030
Hawaii	1 at any time	$5	$25	20	20	2,858	11.2	634	637
Idaho	do	$10	$25	10	26	3,684	10.9	967	648
Illinois	6 in 20 weeks	$10	$27	18+–10	26	51,085	9.1	9,292	20,833
Indiana	8 in 20 weeks	$5	$27	12+–6+	20	16,748	7.1	3,339	8,654
Iowa	8 in 15 weeks	$5	$26	6+	20	5,088	8.7	1,650	3,000
Kansas	8 in 20 weeks	$5	$28	6+	20	7,041	8.7	1,509	2,477
Kentucky	4 in 3 quarters	$8	$28	26	26	17,665	13.0	2,329	3,105
Louisiana	4 in 20 weeks	$5	$25	10	20	10,356	12.6	2,806	3,323
Maine	8 in 20 weeks	$9	$27	20	20	5,788	9.7	1,053	1,393
Maryland	1 at any time	$6–$8	$30–$38	7+	26	11,911	7.6	3,203	4,294
Massachusetts	1 in 13 weeks	$7–$9	$25 [2]	21+–6	26	41,081	10.0	8,878	10,664
Michigan	8 in 20 weeks	$10–$12	$30–$42	9+	26	39,485	7.1	8,837	15,893
Minnesota	1 in 20 weeks [3]	$11	$30	15	26	11,021	11.3	3,108	4,013
Mississippi	8 in 20 weeks	$3	$30	16	16	6,641	10.1	2,089	1,276
Missouri	do	$0.50 [2]	$25	(2)	24	15,534	8.2	3,451	6,607
Montana	1 in 20 weeks	$7	$23	20	20	2,347	10.8	1,022	688
Nebraska	8 in 20 weeks	$10	$26	10	20	2,577	8.9	953	1,371
Nevada	1 at any time	$8–$11	$30–$50	10	26	1,567	9.1	575	315
New Hampshire	4 in 20 weeks	$7	$30	26	26	5,877	10.6	943	955
New Jersey	do	$10	$30	13	26	59,757	10.7	8,934	11,586
New Mexico	1 at any time	$10	$30	12	24	2,455	10.6	1,021	707
New York	4 in 15 days	$10	$30	26	26	178,597	11.9	29,586	35,956
North Carolina	8 in 20 weeks	$7	$30	26	26	20,973	10.9	3,731	4,948
North Dakota	do	$7–$9	$26–$32	20	20	1,987	12.5	664	373
Ohio	3 at any time	$10–$12.50	$30–$35	12–9+	26	32,542	9.2	8,619	19,253
Oklahoma	8 in 20 weeks	$10	$28	6+	22	7,251	10.7	2,132	2,389
Oregon	4 in 6 weeks	$15	$25	8+	26	19,208	10.4	2,373	2,799
Pennsylvania	1 at any time	$10	$30	13	26	102,359	9.8	14,981	23,877
Rhode Island	4 in 20 weeks	$10	$25	10+–7+	26	12,565	9.9	1,717	1,853
South Carolina	8 in 20 weeks	$5	$20	18	18	9,055	10.1	2,315	2,483
South Dakota	do	$8	$25	10	20	730	9.3	512	411
Tennessee	do	$5	$26	22	22	16,369	11.0	3,009	3,932
Texas	do	$7	$20	5	24	11,891	9.2	7,299	10,704
Utah	1 at any time	$10	$27.50	16–15	26	3,168	10.1	1,379	937
Vermont	8 in 20 weeks	$10	$25	20	20	1,299	9.1	634	507
Virginia	do	$6	$24	6	16	8,203	7.8	1,890	4,051
Washington	1 at any time	$10	$30	15	26	29,027	11.3	3,960	4,182
West Virginia	8 in 20 weeks	$10	$30	24	24	13,954	9.5	1,428	3,316
Wisconsin	6 in 18 weeks	$10	$33	10	26+	17,934	8.2	2,981	6,517
Wyoming	1 at auy time	$10–$13	$30–$36	8	26	814	7.2	608	376

[1] When 2 amounts are given, higher includes dependents' allowances, except in Colorado where higher amount includes 25 percent additional for elaimants employed in Colorado by covered employers for 5 conseeutive calendar years with wages in excess of $1,000 per year and no benefits reeeived.

[2] If the benefit is less than $5 benefits are paid at the rate of $5 a week; no qualifying wages and no minimum weekly or annual benefits are speeified.

[3] Employers of less than 8 outside the corporate limits of the city, village, or borough of 10,000 population or more are not liable for contributions unless they are subject to the Federal Unemployment Tax Act.

Souree: U. S. Department of Labor, Bureau of Employment Security, Division of Actuarial and Financial Serviees, June 7, 1954.

Mr. REED of New York. From the standpoint of the individual worker, unemployment insurance protection is as important if he works for a small employer as if he works for an employer of thousands. Moreover, it is as important to maintain the purchasing power of employees of small firms as of large firms. In this connection, the extension of coverage provided by this bill would particularly benefit small communities where a large proportion of workers are employed by small firms. It is believed that the administrative difficulty is no longer a substantial obstacle to extending coverage to small firms. On the other hand, the further coverage is extended into this area, the further the Federal Government is moving into an area where differences in State and local conditions become a significant factor. There is a twilight zone where needed flexibility can only be maintained through State action. It may be appropriate that unemployment protection be extended into this fringe area, but such extension should be left to State determination in the light of local variations in employment patterns. This problem does not exist to any appreciable extent with respect to the extension of coverage to employers of four or more.

Section 2 of H. R. 9709 allows reduced rates for new and newly covered employers. In all States, employers are granted reductions in the unemployment taxes they must pay the State if their unemployment experience meets certain requirements. The Federal Unemployment Tax Act allows employers to credit this reduction against their Federal unemployment tax. In other words, an employer who has received such a reduction is credited with the difference between the amount actually paid and the amount he would have been required to pay if he had not received the reduction. The Federal law grants this additional credit, however, only if the State law requires an employer to have at least 3 years of experience before he can be given a tax reduction. This means that a new or newly covered employer is required to pay the full tax for at least these initial years even though his experience in those years is as favorable as that of an established employer. In many States, this means that new employers carry a very large proportion of current unemployment taxes. They are thus put at a competitive disadvantage with established employers and are required to carry an

extra financial load at a time they can perhaps least afford it.

The President, in his economic report of January 28, 1954, recommended that "Congress allow the shortening from 3 years to 1, of the period required to qualify for a rate reduction." Section 2 of H. R. 9709 carries out this recommendation in its entirety. In effect, during the first 3 years of an employer's coverage, the amendment will permit a State to tie the period of experience required before rate reduction to the period of time the new employer has had experience under the law. In other words, the rate for an employer who has had 1 year's experience may be based on 1 year's experience, the rate for one who has had experience for 2 years on the basis of 2 years' experience.

It would be emphasized that this amendment merely permits a State to extend a rate reduction on the basis of 1 year's experience if it desires to do so. It does not require such State action.

The amendment is not intended to give new and newly covered employers any competitive advantage over established employers, but merely to equalize as much as possible the opportunity for rate reductions between new and established employers. The factors used to measure the experience of employers vary from State to State. Under the amendment, it is intended that the State measure the experience of new and newly covered employers by the same factor or factors that it uses to measure the experience of established employers. For example, one of the most common factors is a reserve balance—the excess of contributions collected over benefits paid and charged to the employer's account. Thus a State which uses a reserve balance for established employers must do so for new employers. However, in some States an employer who does not have 3 years of experience, as the Federal law now requires, could not attain the reserve balance now required of established employers. In these States, therefore, a proportionate reduction would have to be made in this reserve requirement to enable new employers with less than 3 years' experience to take advantage of the permission granted by the bill's new rate-reduction provision. Since the bill does not intend to give new employers any greater advantage than established employers, any difference in reserve requirements granted to new employers would, therefore, have to bear the same proportion to the requirement placed on established employers as the period of coverage required of the two groups. For example, if a 6 percent reserve requirement is required of established employers with 3 years' experience, at least 4 percent must be required of employers with 2 years' experience.

Section 3 of the bill provides for the elimination of the quarterly installment privilege. The bill eliminates the right to pay the unemployment tax in quarterly installments. This amendment is designed to relieve the Government of an existing administrative burden. Moreover, this administrative burden would be somewhat increased if the new employers covered by this bill were permitted to pay their tax in quarterly instalments.

Elimination of this provision should not impose an undue burden on taxpayers. This is indicated by the fact that some 85 percent of the total taxes due are now paid at the time of filing the return without using the installment-payment option. Furthermore, unlike the old-age and survivors insurance tax, the unemployment tax is not due until the year after that in which the taxable wages are paid. The old-age and survivors' insurance tax, on the other hand, is payable in quarterly installments during the year in which the wages are paid.

Section 4 of the bill before the House today provides for coverage of Federal civilian employees.

In his economic report the President stated:

> A worker laid off by a Government agency gets no insurance benefits despite the fact that in many types of Federal jobs he is as vulnerable to layoff or dismissal as the factory worker. It is recommended that Congress include in the insurance system the 2.5 million Federal civilian employees, under conditions set by the State in which they last worked, and that it provide for Federal reimbursement to the State of the amount of the cost, estimated to be about $25 million for the fiscal year ending in 1955.

H. R. 9706 carries out this recommendation. Federal civilian employees as a group are subject to the risk of unemployment on nearly the same scale as nongovernmental workers in the same type of work. In recent years, particularly, several extensive reductions in Federal personnel have demonstrated the real need for extending unemployment benefits to Federal employees. From a wartime peak of well over 3½ million employees in June 1945, Federal employment dropped by a million between 1945 and 1946 and dropped considerably more in the next few years, leveling off at about 2 million in June 1950. After a new increase due to the Korean conflict, Federal employment again fell off by nearly 247,000 between June 1952 and December 31, 1953.

Total annual separations of Federal employees are substantial. They have approximated around half a million each year. Of this total, the percentage which constitute involuntary separations, that is, reductions in force and terminations of temporary appointments, has varied from approximately 17 to 50 percent of total separations.

The Federal Government should not be in the position of providing less favorable conditions of employment than are required of private employers. Yet, since Federal employees now have no unemployment insurance protection, involuntarily separated Federal employees have been forced to rely upon accrued annual leave and refund from their retirement accounts while looking for other jobs. Not only does this defeat the purpose of annual leave, but also, in many cases, the employee may have no such leave accumulation at all. Even where leave has been accumulated, there is evidence that it has been inadequate to cover the duration of Federal workers' unemployment. Moreover, it is believed that withdrawal of an employee's retirement fund accumulations is undesirable and a defeat of the purpose of the retirement program.

H. R. 9706 provides for unemployment insurance for Federal civilian workers, with minor exceptions, who are employed in the United States, including Puerto Rico or the Virgin Islands, and elsewhere, if citizens of the United States. Nearly all of the exceptions to coverage are identical with the categories of Federal workers excluded from the Social Security Act for purposes of old-age and survivors insurance. Unemployment compensation will be payable to such Federal workers who are unemployed after December 31, 1954. A Federal worker's rights to benefits are to be determined under the unemployment compensation law of the State to which his Federal services and wages are assigned. Usually, this will be the State in which the worker had his official station when he became unemployed, or, if he has been in Foreign Service, the State in which he resides when he files his claim. Compensation will not be paid for the period with respect to which accrued annual leave is paid upon separation.

The Secretary of Labor is authorized to enter into agreements with each State, under which the State unemployment compensation agency will make benefit payments as agent for the United States and will be reimbursed by the United States for any additional costs of such payments. If a State does not have such an agreement, the Secretary will make the unemployment compensation payments and will apply the benefit standards and other provisions of the law of such State. Unemployed workers filing a claim in Puerto Rico or the Virgin Islands will be paid according to the benefit standards and other provisions of the unemployment compensation law of the District of Columbia.

Any estimates of the cost of the proposed unemployment benefits for Federal workers must necessarily be rough, since there is no experience in the payments of such benefits to Federal workers upon which to base the estimates. The cost will depend to a great extent upon governmental employment levels and turnover, and to some extent upon the overall economic and employment situation prevailing in the country. The Department of Labor estimates that for the last half of fiscal year 1955 the cost will be approximately $25 million. Thereafter, for a full year of operation, based on estimated separations in 1955 of 145,000, the cost will be approximately $35 million. The relatively larger cost for the first 6 months of operation will be due to a backlog of claimants at the start of operations. The backlog will consist of those Federal workers who have been separated by reduction of force or terminated prior to the date when benefits commence, who are unemployed and still eligible for benefits at that time.

This bill which I have presented to the House today is an administration bill. I think it is a sound bill.

I know many of the Members have perhaps seen what I have seen in my

hometown in small industries where there are only four employees: sometimes they are forced to cut down and lay a man off. He is unemployed. He cannot help it. He goes to his little home, to his wife and family. What happens? He walks in at evening where his wife and his family are there gathered at dinner. He knows that he has to break some very unpleasant news to them. He has been paying on a mortgage to the loan association trying to save his little home, and they are proud of it as good Americans. He is tied to that home. His sons are willing to defend the country in order to protect it. They have been sending one of their sons to college. But the husband is forced to say to his wife: "I am afraid John is going to have to come home to get a job to supplement what we can possibly earn. I cannot get unemployment insurance under existing law. We may lose our home."

Yes, it is a sad and serious thing. The small corporations, the little partnerships should do something to protect the men who are working for them.

The present plan of the administration is expanded coverage so far as possible. I think it is a sound program and I hope the House will not be misled by any amendment which may be offered here to impose Federal standards for increasing benefits, to impose Federal standards for the duration of benefits. I submit to my colleagues in the House that the President has submitted a good program for improving our unemployment insurance program without preempting to the Federal Government any rights that have historically belonged to the States.

Mr. Chairman, I ask unanimous consent to insert a table and also a background history of unemployment insurance.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

(The matter referred to follows:)

BACKGROUND OF UNEMPLOYMENT INSURANCE SYSTEM

Unemployment insurance and employment services are State-Federal systems. They are designed to protect wage earners and their families from wage loss through involuntary unemployment by referring unemployed workers to other suitable jobs and if none is available by paying, for a period, weekly benefits related to their prior wages.

Each State enacts its own unemployment insurance law and operates its own program, and the Federal Government cooperates through grants to the State to pay the cost of administering its system.

As a condition of such grants, the Social Security Act sets up certain minimum specifications designed to assure that payments are made to unemployed workers whose previous earnings or employment entitle them to such payments under the State law, and to safeguard a worker's rights to benefits where he does not take a job that fails to meet certain labor standards.

One of these specifications is that benefits must be paid through public employment offices, at which unemployed workers must first register for work and to which a worker must continue to report regularly for a possible job during the time he is drawing weekly benefit payments. The United States Employment Service, a part of the Bureau of Employment Security in the Department of Labor, administers the Federal aspects of the Public Employment Service system.

Another part of this Bureau, the Unemployment Insurance Service, carries the Federal responsibility for renewing the State laws and their administration to determine whether the States qualify for grants for unemployment insurance administration.

Under the Federal Unemployment Tax Act, a tax is levied upon employers throughout the country and a credit is allowed them (up to 90 percent of this tax) for the contributions they pay to their State unemployment funds or for the amounts they would have contributed to such funds in the absence of experience-rating reductions allowed under the laws of all States. Unemployment benefits are financed by these contributions from employers subject to a State unemployment insurance law (except in Alabama and New Jersey where employees also contribute). Each State determines coverage of its law and sets the contribution rates.

In general, the Federal tax and the State laws cover employment in commerce and industry. Railroad workers are covered under a separate system administered by the Federal Railroad Retirement Board. The Federal Unemployment Tax Act is limited to employers who, within a year, had 8 or more workers in each of 20 weeks. A majority of the State laws cover smaller firms but all but six have some size-of-firm restrictions. About 48 million different workers earned some wage credits toward unemployment benefits under State laws in calendar 1952, and about 39 million had enough credits to be insured.

During the fiscal year 1952–53, 7,318,200 new job applications were filed with the employment services and local employment offices made 15,354,400 placements. Of this total 6,606,900 were on nonfarm jobs. Some 3,989,000 unemployed persons received benefits under the 51 State systems. These payments totaled $912,898,000 representing compensation for 40,850,700 weeks of unemployment at an average rate of $23.32 per week. The average beneficiary drew benefits for 10.2 weeks as against 10.4 weeks in the same period during the preceding fiscal year.

In the fiscal year 1952–53, the States received a total of $194,800,000 (excluding grants for postage) in Federal grants for administration of their unemployment insurance laws. They collected $1,367,806 in contributions, which they deposited to their accounts in the Federal Treasury, and received interest on their accounts totaling $188,586,800. On June 30, 1953, the balance in the trust fund amounted to $8,559,296,700 as compared with $7,907,967,800 on June 30, 1952.

Employment security: State accounts in the Federal unemployment trust fund [1] and Federal grants for State administration [2] by State, fiscal year 1952–53

Source: Except for Federal grants, all data are compiled from data furnished by the Treasury Department, Division of Investments. (In thousands.)

State	Balance beginning of year	Deposits	Interest	Withdrawals	Balance, end of year	Federal grants for administrative fiscal year
Total, 1952–53	$7,907,968	$1,371,184	$188,587	$97,442	$8,559,297	[3] $197,546
Alabama	69,222	15,444	1,643	11,775	74,535	2,863
Alaska	7,926	4,075,	189	5,150	7,040	663
Arizona	37,462	5,914	918	1,785	42,508	1,685
Arkansas	40,814	8,097	986	5,550	44,347	1,960
California	692,908	161,150	17,135	91,025	780,168	19,920
Colorado	64,277	5,305	1,538	1,560	69,560	1,510
Connecticut	194,168	32,725	4,793	8,575	223,110	3,018
Delaware	16,179	1,835	384	949	17,449	431
District of Columbia	52,293	3,573	1,230	1,905	55,192	1,236
Florida	80,957	9,578	1,874	7,575	84,834	3,191
Georgia	121,961	16,710	2,907	9,280	132,299	3,073
Hawaii	23,272	2,176	533	2,730	23,250	626
Idaho	31,409	4,634	755	3,165	33,634	972
Illinois	481,327	74,315	11,420	50,020	517,043	9,358
Indiana	219,343	21,565	5,076	16,950	229,034	3,365
Iowa	105,653	5,234	2,440	4,800	108,527	1,656
Kansas	71,938	9,040	1,724	4,770	77,933	1,513
Kentucky	135,611	20,050	3,174	16,750	142,084	2,349
Louisiana	108,697	20,377	2,641	11,250	120,465	2,829
Maine	39,404	7,241	953	4,725	42,873	1,059
Maryland	123,359	14,610	2,909	10,485	130,393	3,210
Massachusetts	151,815	100,152	4,168	43,900	212,235	8,938
Michigan	361,868	83,923	8,735	39,460	415,066	8,886
Minnesota	125,412	12,300	2,934	9,975	130,671	3,134
Mississippi	42,754	5,370	980	6,525	42,579	2,102
Missouri	216,517	13,225	5,020	12,600	222,162	3,475
Montana	36,433	4,956	888	2,320	39,957	1,033
Nebraska	39,205	2,403	913	2,345	40,176	958
Nevada	13,808	2,849	342	1,120	15,879	586
New Hampshire	20,589	6,003	492	4,928	22,157	949
New Jersey	457,191	72,598	10,815	52,760	487,843	8,935
New Mexico	30,236	4,050	730	1,650	33,366	1,025
New York	1,099,692	281,629	26,848	169,600	1,238,569	29,680
North Carolina	171,985	20,449	4,011	18,500	177,944	3,755
North Dakota	10,074	1,983	240	1,970	10,327	680
Ohio	591,465	77,307	14,199	29,100	653,871	8,752
Oklahoma	50,378	9,115	1,207	6,500	54,201	2,149
Oregon	74,957	11,597	1,712	16,900	71,366	2,400
Pennsylvania	577,582	64,380	12,699	104,000	550,661	15,116
Rhode Island	19,918	16,734	522	11,820	25,354	1,723
South Carolina	60,030	14,628	1,489	7,200	68,947	2,332
South Dakota	11,852	1,303	285	710	12,730	523
Tennessee	102,577	20,186	2,432	15,300	109,895	3,030
Texas	257,080	21,147	6,104	9,165	275,166	7,358
Utah	32,988	3,971	782	2,850	34,892	1,380
Vermont	15,718	2,337	367	1,800	16,622	637

[1] Trust fund maintains a separate account for each State agency, in which are held all moneys deposited from State unemployment funds and from which State agencies withdraw amounts as required for benefit payments. Deposits include those not cleared by the Treasurer of the United States; interest includes accrued interest receivable; withdrawals include outstanding checks.

[2] Advances for administration of unemployment compensation, employment service and veterans unemployment compensation certified to State agencies during fiscal year.

[3] Includes $621,000 granted to Puerto Rico and $29,000 granted to Virgin Islands for the administration of employment service and veterans unemployment compensation.

Employment security: State accounts in the Federal unemployment trust fund and Federal grants for State administration by State, fiscal year 1952–53—Continued

Source: Except for Federal grants, all data are compiled from data furnished by the Treasury Department, Division of Investments. (In thousands.)

State	Balance beginning of year	Deposits	Interest	Withdrawals	Balance, end of year	Federal grants for administrative fiscal year
Virginia	$90,969	$9,152	$2,128	$7,050	$95,199	$1,905
Washington	180,279	30,515	4,255	29,325	185,724	4,009
West Virginia	90,751	11,670	2,065	14,575	89,910	1,428
Wisconsin	241,280	19,581	5,648	12,995	253,514	3,020
Wyoming	14,384	2,026	353	725	16,037	611

The CHAIRMAN. The gentleman from New York has consumed 20 minutes.

The Chair recognizes the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, I yield myself such time as I may require.

(Mr. COOPER asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, the pending bill would extend unemployment insurance protection to about 1.3 million workers in private industry and 2.5 million Federal workers. Coverage would be extended to the 1.3 million workers in private industry by changing the definition of employer so as to make subject to the unemployment tax employers who have 4 or more employees in each of 20 weeks during a year. Under present law, the tax is imposed only on those employers who have 8 or more employees in each of 20 weeks during the year. This, of course, would extend unemployment insurance protection to employees in smaller firms and businesses. The provision would be effective with respect to services performed after December 31, 1954.

With but minor exceptions such as Federal employees receiving a salary of $1,200 or less in a year, unemployment insurance protection would be extended to all Federal employees. This would be done by authorizing the Secretary of Labor to enter into agreements with the States under which the States would administer the program as to Federal employees in accordance with their own laws. If a State does not enter an agreement with the Federal Government, the Secretary of Labor would make unemployment insurance payments under the provisions of the laws of the State where the Federal employee was employed. In most cases the State law which would be applicable in the case of Federal employees would be the one where the Federal worker had his last official station when he became unemployed. A Federal employee would be considered as still being employed until he has used up all of his annual leave. Unemployment insurance benefits would be payable to Federal workers who are unemployed after December 31, 1954.

Under present Federal law, an employer cannot get a so-called experience rating until he has had at least 3 years' experience as an employer. An experience rating is based on the employment record of an employer, and in those cases where this record is a good one, the effect of an experience rating is to reduce an employer's tax. Our committee felt that it is somewhat of an inequity and a competitive disadvantage to new and newly-covered employers to require them to wait for 3 years before they can secure a reduction in their unemployment tax. The effect of this requirement is that during the first 3 years, such employers must pay the full tax of 3 percent, without any offset, regardless of how good their employment record may be. The bill provides that a new or newly covered employer can secure an experience rating after 1 year's employment experience. This provision merely permits a State to extend a rate reduction if it so desires. It is not mandatory on the States to do this.

The bill also eliminates the privilege of employers to pay their tax in quarterly installments. Employers are not required to pay the tax until after the close of their taxable year, and under present law they have the privilege of paying their tax in four quarterly installments. Representatives of the Department of Labor informed our committee that about 85 percent of unemployment taxes are paid when due, without employers exercising the option of paying in quarterly installments. We were also advised that the elimination of the quarterly installment privilege would reduce considerably the administrative burden of the Government, particularly in light of extending coverage to smaller firms—those employing four or more persons.

The improvements in the unemployment insurance program contained in the pending bill, on the whole, are desirable ones.

(Mr. DINGELL (at the request of Mr. COOPER) was given permission to extend his remarks at this point in the RECORD.)

Mr. DINGELL. Mr. Chairman, the pending bill is a faltering step of the present administration in meeting one of the most serious problems facing us today. With about 8.5 percent of the labor force either unemployed or voluntarily on short time, the administration has completely sidestepped its responsibility to provide adequate unemployment insurance protection not only for workers but as a means of bolstering the economy of the country as a whole, by pulling the old French protocol stunt of "After you, my dear Alphonse," in that it has expressed its concern about insufficient insurance payments both as to size and duration, but has recommended to the States that they take action to correct the deficiencies. Buck passing in typical Army style comes naturally in this administration and is so different than what used to be the positive policy and practice under Roosevelt and Truman. On President Truman's desk he used to have a sign "Buck passing stops here," and he surely took the bull by the horns with his own hands fearlessly and honestly.

As a practical matter, we who have been interested in an adequate unemployment insurance program over the years know that the States either will not or cannot make the needed improvements. The administration's attitude, of course, is very pleasing to the opponents of an adequate unemployment insurance program, because they not only are in a position of dealing with a national problem at the State level when needed legislation is left up to the States, but also can argue that for competitive reasons their particular State should not provide more adequate benefits.

I fully support the extension of insurance protection to Federal employees and employees in smaller firms. However, I remind you that the present administration has done nothing to bring about basic improvements in the unemployment insurance system. The Eisenhower administration has the opportunity of proving its sincerity and liberalism as we Democrats never did, because we will support every move to benefit the worker in every reasonable motion they will propose. We were always handicapped to a marked degree because of solid reactionary leaning of the Republicans reinforced by a Democratic coalition. This combination was paralyzing at times and compromises at best were inevitable. Now, however, the Republicans can be liberal and sure to carry because the great bulk on the Democratic side of the aisle will support them. Let us cut out the talk, Mr. Chairman; let us act.

We are now faced squarely with the problem of providing an unemployment insurance program which is adequate. The only way we can do this is to meet it head on with improvements that will provide genuine protection to unemployed workers, with the shot in the arm for our vacillating economy which such protection will bring about.

The opponents to an adequate unemployment insurance program always bring up the false argument that more adequate benefits will induce idleness. This is an insult to decent and honorable American workers. Certainly unemployment benefits lasting for a period of 26 weeks, with maximums at two-thirds of a State's average weekly wage and one-half of the individual worker's average weekly wage, can be no temptation for any self-respecting and decent citizen to remain idle. I refuse to believe that any American worker, and particularly one with a wife and children, having obligations to meet each and every week, including mortgage payments on his home, would remain idle if he can work steadily.

Workers have certain expenses which they must meet daily, weekly, and

monthly, and they dread the thought of going into debt. To expect them to exist on the pitiful unemployment insurance payments which are now available is asking too much. Unemployed workers, in order to hold on to their homes, educate their children, and exist, must meet certain minimum expenses at all times. Inadequate unemployment benefits mean that not only do the workers have to endure the sufferings and heartaches of unemployment, but also they must forgo buying sufficient food, clothing, and other essentials. With the cost of living being what it is today, even fully employed workers have trouble enough making ends meet.

The present administration has again met a pressing problem with high-sounding words and exhortations, not with real and effective action. This bill will bring very little solace to the unemployed workers of the country.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. JAVITS].

(Mr. JAVITS asked and was given permission to revise and extend his remarks.)

Mr. JAVITS. Mr. Chairman, I introduced, jointly with my colleague, the gentleman from Wisconsin [Mr. O'KONSKI], as well as a group of Members from the other body, the so-called Forand bill to improve the unemployment-compensation system, and I intend to support the amendments which my colleague, the gentleman from Rhode Island [Mr. FORAND] will offer.

I think that the concrete base of full coverage of social security and unemployment insurance and an adequate national-health program must be fundamental policy in the private economy and is what the Republican Party ought to be devoted to. As we want a strong private economy and that is the great point of this administration, it has to have a strong concrete base. This is the best fortification way to give assurance against the fear of recession.

We just have word that employment is at a high level of 62,098,000 with a sharp contraseasonal drop in the normal May-June increase in unemployment. But we still have an estimated 3,047,000 unemployed and it serves to depict to us the numerical importance of adequate unemployment compensation and the danger of complacency in this field which determines the well-being and tranquillity of our people. The two additional amendments which the gentleman from Rhode Island will offer are very desirable. I would have wished also to support a proposal to cover all establishments with one or more employees, but it will not be before us. By setting as a minimum and maximum, 50 percent and 66⅔ percent of the average State wage for unemployment compensation and also a national standard of 26 weeks of such compensation we avoid the competition between States in this area which is so vital for the working men and women to attract business to them, because they give less benefits in unemployment compensation. I think it is very desirable that there be a fundamental standard, just like the minimum wage—even though it is inadequate under present conditions—for the American workingman. I am very proud that the administration has produced this first revision and liberalization of the unemployment compensation system since 1935. I feel that we are starting on setting a national standard for unemployment compensation by reducing the number of employees in establishments which are covered from 8 to 4. But I feel we can and should do more with the measure before us. I think we should join many of our Democratic colleagues in saying that the added national standards for unemployment compensation, which the gentleman from Rhode Island will propose, together with the bill before us, really represents an important part of that concrete base that can fortify the private economy. We believe in the private economy and the way to make it work is to make it strong. I think the Forand amendments will make this concrete base stronger under the private economy and I shall therefore support them.

Mr. COOPER. Mr. Chairman, I yield 15 minutes to the gentleman from Rhode Island [Mr. FORAND].

(Mr. FORAND asked and was given permission to revise and extend his remarks.)

Mr. FORAND. Mr. Chairman, I ask unanimous consent that immediately following my remarks, the gentlewoman from Missouri [Mrs. SULLIVAN] may extend her remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. FORAND. Mr. Chairman, the pending bill, H. R. 9709, will bring much needed protection to about 4 million additional persons, but it does nothing at all for the workers who are already covered by unemployment compensation. The country is suffering from serious unemployment at the present time; in fact, the Departments of Labor and Commerce report that 3,447,000 were unemployed early in June, and that is an increase of 42,000 over the month of May.

Now, it seems in all the publicity being given to this subject, the employment figures are played up and the unemployment figures are played down. I am glad to see the number of employed persons as high as we can possibly make it, and we need it in this country. But I am also very much concerned with the large number of unemployed, because while we speak of the present circumstances as either being a mild recession, a readjustment, or what have you, to the individual who is out of a job and who is running out of money so that he has difficulty maintaining his family—I say to you that that person is in a depression. That condition needs remedying and remedying right now. The June employment, they tell us, was at the highest figure since last October; but actually it was 1 million below the employment figure of 63 million in June of 1953. The mid-June unemployment was more than twice that of a year ago and with the exception of 1949 was well above the corresponding period of any previous postwar year. Yet the administration and the Congress are doing nothing to remedy that situation except passing the buck to the States.

The average unemployment insurance payment in this country is less than $25 a week. I do not have to tell you that this is not even sufficient to meet nondeferrable expenses and that the unemployed are being forced to use up what little savings they have and then turn to public assistance, if they can get it. Payments of unemployment compensation benefits have lagged seriously behind the average weekly wage since the unemployment insurance program was established. The original intent in the program was that the payments should equal about 50 percent of the weekly wages. While average weekly wages in covered employment trebled between 1936 and 1953, the dollar ceilings for unemployment insurance payments on the average did not even double. Wages have been outdistancing ceilings continually until we have reached the point where weekly insurance payments represent only about two-fifths of the average weekly earnings of workers compared to the two-thirds in the 1930's. Only about $1 out of each $5 in lost wages and salaries is being replaced by unemployment insurance payments at the present time.

Not only are payments inadequate, but their duration is far too short to carry many workers until they are able to find other jobs. At the present time about 40,000 workers a week are exhausting their rights to payments. So far this year well over one-half million workers have exhausted their benefit rights. The present administration while recognizing that something must be done to increase payments and their duration has shirked its responsibility by suggesting to the States that they take the necessary action to do this. In my opinion, this can hardly be considered part of a dynamic program which we have heard so much about in the last couple of years. Those of us who have sought to bring about realistic and adequate improvements in the unemployment-insurance program over the years know that it is very difficult for the States to increase insurance payments and durations even in those cases where they are willing to, because of the competitive situation with which they are faced. We also know that the opponents of adequate unemployment insurance take full advantage of the situation which the present administration has got itself into by insisting that improvements in payments and their duration should be made at the State levels. Then the opponents turn around and they go to the State legislatures and say, "You should not and cannot provide adequate benefits because if you do our State will be at a competitive disadvantage compared to neighboring States." They have very successfully played both ends against the middle, with the result that insurance benefits have become less and less adequate over the years.

The major reason for the Federal Government's enacting unemployment-insurance legislation in the first place was on account of the competitive situation

which would develop if each State proceeded individually to establish an unemployment-insurance program. Right here I want to say to you that you have heard and probably will hear more that the amendments which I intend to offer in the committee are an invasion of States rights and that we are setting new standards—and, by the way, I intend to offer those amendments and a motion to recommit if the amendments are voted down in the committee, and, of course, I intend to get a rollcall vote on the motion to recommit.

If you will read the original act you will realize that at the very outset certain standards were fixed by the Federal Government when we said to the States, "If you want to come in under this program you will have to submit to us a program that is satisfactory. You will have to meet certain requirements." Therefore, the amendments which I shall offer will only provide perhaps a few additional standards which must be met by all and which the States themselves have failed to take care of, despite the fact that in his economic report the President suggested to the States that they increase the benefit amounts and also the period of benefits, which is all my amendments provide.

Also, the Secretary of Labor in February of this year wrote to the governors of all the States advising them that the President was suggesting that action along those lines be taken, but all of that fell on deaf ears. The States have failed to act. Therefore, I say to you it is the responsibility of this Congress to act to remedy the situation with which we are faced.

We must consider, and consider seriously, I believe, that unemployment compensation benefit payments are very, very important. They do two things: One, they help the unemployed worker by tiding him over, permitting him to feed himself and his family and clothe and house them, meager as the benefit amount is. Secondly, it provides purchasing power which is reflected in the business of every businessman in the community. It is a great help economically, and that has been proven time and again through newspaper articles and statements that have been made by individual businessmen in those areas that were so sadly affected.

The Congress realizes that the States were faced with this situation, and I refer now to the competitive situation, and enacted legislation levying a uniform 3 percent tax on all employers throughout the country, there is one of your standards, with a credit provision of 90 percent in those cases where the States have an unemployment insurance program meeting certain basic requirements as to disqualifications, and so on, set forth in the Federal law. In addition, the Federal law permits an experience rating credit based upon the employment record of employers. In my opinion, there would be very few States today with adequate unemployment insurance programs had not the Federal Government taken this action. The very same reasons which impelled the Congress to take the initiative in establishing the unemployment insurance program in the first instance also controls when it comes to maintaining adequate payment both as to size and duration. Minimum requirements had to be established by the Federal Government in this field because unemployment insurance deals with economic problems which are Nationwide and beyond the control of the individual State. It is being claimed that the present administration is making extensive improvements in the Federal-State unemployment insurance program. My friends, the only improvement of any account, which would be provided by the bill now under consideration, is an extension of coverage. Nothing whatever is being done for those workers who are already covered. As a matter of fact. I was the author of a bill in the 82d Congress which was reported to this House, and which provided for coverage of Federal employees. This group makes up the bulk to whom coverage would be extended in the pending bill. For years I have led the fight to improve unemployment insurance, and while I fully support the extension of coverage provided in this bill, I deny any claims that basic improvements are being made in the unemployment insurance program as a result of the bill, H. R. 9709.

The need is urgent to increase the size and duration of payments. The unemployment insurance payments have proved their value to the economy of the country, and particularly to local communities time and again. More adequate benefits during this period of high unemployment and readjustment can do as much to bolster our sagging economy as any other one thing which the Congress can do. The relief which should be provided every family by more adequate benefits from the tragedy resulting from unemployment cannot be measured in dollars. Our whole Nation stands to gain by a more adequate unemployment insurance program. It is my intention when we get into the House to offer two amendments which I yesterday inserted in the CONGRESSIONAL RECORD.

Mr. LANE. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I yield.

Mr. LANE. I congratulate the gentleman on the very able and forthright statement he has just made to the House. I know he is quite conversant with this subject matter, and I am aware of the fact that over the years he has studied unemployment compensation legislation as a member of the great Committee on Ways and Means of the House. I know the gentleman represents a district in New England which has a great deal of unemployment, as a result of the slump in the textile industry, which is a very, very sick industry today. The gentleman has lived with this problem over the years and knows whereof he speaks. I rise in support not only of the statement that he has made, but in support of the amendments he proposes to offer later in the day. I again congratulate the gentleman on this noble effort to bring this to the attention of the Congress and to the attention of the Nation.

UNEMPLOYED AMERICANS WITHOUT UNEMPLOYMENT COMPENSATION BUY NOTHING

New England has expert knowledge concerning the problems of the unemployed, because we have so many of them concentrated in communities that were once leaders of the textile industry.

Unemployment compensation is the only factor that provides food and energy and keeps up the morale of displaced workers while they search for jobs to give meaning to their lives again.

The present unemployment-compensation formula is too low and too short.

It is like an undersized lifeboat that is guaranteed to save part of the crew and carry them for a while before dumping them overboard to take on others.

Of course, we would prefer to see new industries or the Federal Government itself, come to their aid with substantial help. In the experience of New England, these S O S calls have not been answered. In fact, the Government has been taking the life preservers away from the crew by cutting down employment at Government installations, and by insisting upon policies that are making the weather worse for our fish and textile industries, among others.

Two recent items in the news, puzzle and disturb us.

We cannot escape the conclusion that the Government of the United States appears to have lost touch with the problems of its own people.

The first item informs us that the United States has released almost $14 million to relieve unemployment in West Berlin, which is some distance away from New England.

The second, under date of July 3, quotes the National Planning Association—a private group composed of businessmen, labor-union leaders, economists, and bankers—as predicting that unemployment will nearly double over the next year at the present rate of economic activity.

At this point, I would like to remind the administration that it is failing to promote maximum employment, production, and purchasing power which was slated as the objective of United States policy in the Employment Act of 1946.

When it is taking jobs away from people, or failing to take action that will save the ones that they have, the least it can do under these circumstances is to secure legislation that will increase and extend unemployment compensation benefits.

One or the other.

It cannot default on both and then expect to retain the confidence of the people.

In the absence of positive and constructive leadership, the Congress is determined to press for substantial improvement in unemployment compensation.

We want a benefit ceiling of at least 66⅔ percent, and a floor of 50 percent of wages. Duration must be extended to 39 weeks. Above all, it is necessary to enact a Federal Unemployment Compensation Standards Act, to prevent unfair competition among States and employers.

H. R. 9707 represents a token gain in that it extends coverage to employers of 4 or more persons in place of the prevailing 8 or more.

This does not go far enough.

From the report of the Committee on Ways and Means, I quote:

From the standpoint of the individual worker, unemployment insurance protection is as important if he works for a small employer, as if he works for an employer of thousands. Moreover, it is as important to maintain the purchasing power of employees of small firms as of large firms.

H. R. 9707 still sanctions discrimination when it fails to cover employers with 1 to 3 employees.

To be fair, it must cover all.

We in New England take pride in the fact that we try to improve labor standards instead of sabotaging them. We have seen industries lured away from us to other sections where they can evade their social and economic responsibilities. Our burden of unemployment has increased as a result. But we shall never try to hold an industry that practices this form of blackmail. We believe in progress consistent with the national welfare, not cuthroat competition among the States to downgrade the standards and the security of American labor.

H. R. 9709, calling upon all the States to be good fellows about this problem, will not strengthen unemployment compensation for the Nation.

It will not prevent some States from keeping benefits low and brief while adding to disqualifications.

In fact, hypocritical evasions and unfair competition will be encouraged.

We, therefore, insist that the proceeds of the Federal Unemployment Tax Act shall be earmarked in a Federal unemployment account in the Federal Treasury to pay Federal and State administrative expenses and to provide reinsurance grants to those States who are in financial difficulty because of high rates of unemployment. These grants would permit States with unusually heavy unemployment to make adequate payments without raising employer taxes so far above levels in other States as to accelerate the out-migration of industry.

Unemployment is governed by nationwide economic forces and should be dealt with on a nationwide basis.

We urge adoption of the more realistic provisions contained in H. R. 9430, sponsored by the gentleman from Rhode Island [Mr. FORAND]. Any other course would be a cruel deception to millions of unemployed and to all others who live in fear of unemployment.

Mr. FORAND. I appreciate very much the statement made by my good friend, the gentleman from Massachusetts whose district is one of those also suffering extremely under the existing circstances. I compliment the gentleman for the work he has been doing, and which he has been carrying on in this fight. But this fight, my friends, is not limited to the gentleman from Massachusetts [Mr. LANE] or myself or anyone else individually. That is the reason some 87 Members of the Congress joined together and prepared a bill, working at it for over 2 months, a bill which I introduced in the name of all of us, on June 3 of this year. That bill goes much further than the two amendments I am going to offer. These amendments will provide—1, for an increase in the amount of benefits, and 2, for 26 weeks of coverage. I am restricting my amendments to those which the President of the United States, your President and my President, had recommended to the States that they have their legislatures act upon. If you want to go along with the President, then you will vote for the amendments.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. FORAND. I am glad to yield to the majority leader.

Mr. HALLECK. Have the State legislatures been in session so that they could have an opportunity to respond to that request up to this time?

Mr. FORAND. Several of them have. Many of them have not.

Mr. HALLECK. I think most of them have not been in session. At least I know my State legislature has not had a session since that recommendation was made. That recommendation was made in January of this year, was it not?

Mr. FORAND. The President's recommendation; yes.

Mr. HALLECK. The only point I was making, I do not think the States have had an opportunity to respond to that request of the President.

Mr. FORAND. If you want to pin it down specifically to the request of the President, perhaps the gentleman is right. Not enough of the legislatures have met. Many have failed to act; but over and above that, away beyond the time that the President made his suggestion, the need was there, and we have failed to act.

How anyone can vote against my amendments after considering the following facts is beyond my comprehension.

Here are the facts about the present economic situation as of June 24, 1954:

Over the last year—May to May—total nonagricultural employment has declined 1 million. Agricultural employment is up 400,000, making a total civilian employment decline of 600,000.

Because of a net increase in the labor force of 700,000 and because of an increase in productivity which displaces 1,800,000 workers a year, a total of 2½ million new jobs each year must be provided.

Manufacturing employment over the last 9 months, beginning in September, has declined 1,734,000. Since May of 1953, the decline has been 1,500,000.

In May of this year, there were 10.1 million workers employed for less than 35 hours a week, as compared with 9,300,000 a year ago.

According to the Department of Commerce, 31.6 percent of those currently unemployed have been unemployed for 15 weeks or more. The figure was 15.9 percent a year ago.

In the week ending June 12, 286,069 workers received their first unemployment compensation checks. This is 23,000 more than the preceding week and 116,000 more than a year ago.

During the week of June 12, 2,035,000 workers were receiving unemployment insurance, 70,000 greater than the preceding week; 1,200,000 greater than a year ago.

During the first 5 months of this year, 658,000 workers exhausted their unemployment compensation benefits, as compared to 348,000 in the same period last year.

Steel production currently is running at 72.6 percent of capacity. This means that the current week's production will be 450,000 tons of steel short of the same week a year ago. The New York Times, May 27, reports that Ben Fairless predicted that his company's operating rate would remain for the rest of 1954 at close to the 73 percent. Same article reports that Mr. Grace, of Bethlehem, will be satisfied if Bethlehem's rate could remain at 72 percent.

Auto production is off 15 percent from a year ago. During second half of 1954 auto production is scheduled to drop one-third below first half of 1954.

Industrial production is off 9 percent from a year ago. The reported upturn from April to May is the result of the figure being seasonally adjusted. Actual operating rate for industrial production in May was identical with April.

Weekly hours in May were 39.3. This is 1.4 hours less than a year ago. The reported upturn in May of 0.3 hour per week was due to a comparison with the April figure, which was low because, according to the BLS of the Department of Labor, it reflected the week which included Good Friday.

Business failures in the week of June 12 totaled 206 as compared with 218 business failures the preceding week and 167 in the similar week a year ago. Most of these business failures were among small businesses.

Department store sales for the first 6 months—that is, up to June 12—were 3 percent less this year than last year. For the 4 weeks ending June 12, department store sales were 5 percent less than in the similar 4 weeks a year ago.

Total sales of retail stores were 3 percent below May a year ago and 2½ percent lower for the first 5 months of this year.

JUNE EMPLOYMENT FIGURES

The administration and the press are making much of the fact that unemployment did not rise between May and June by as much as is usual for this season of the year. It rose by only 42,000 this year, whereas the average May–June rise in unemployment has been 367,000 in the postwar years 1946 to 1953.

This less-than-normal rise in unemployment was not due, however, to a more-than-seasonal rise in employment. The employment increase between May and June was also less than is usual at this season. It increased by 979,000, which is half a million below the usual May-June increase of 1,500,000.

The reason why June unemployment showed such a small increase this year, even though employment was increasing less than usual, is that the labor market recorded a subnormal gain in June. Average May–June increase in the civilian labor market in postwar years has been

1,875,000, whereas this year it increased by only 1,020,000. This 855,000 deficit in the June labor market actually represents hidden unemployment, potential jobseekers who fail to get counted as unemployed because they have been discouraged from job seeking by the prevailing Eisenhower recession.

For the whole period of the seasonal upturn from January to June 1954 compares with the average of other postwar years—1946 to 1953—as follows: The civilian labor market increased 2,600,000—actual, 2,605,000—as compared with the usual 3,600,000—actual, 3,580,000; employment increased 2,300,000—actual, 2,345,000—as compared with the usual 3,600,000—actual, 3,647,000; unemployment increased 260,000, as compared with a normal decrease in unemployment of 67,000.

On a comparison with June 1953, there is little to cheer about in the June employment figures just released.

The civilian labor market increased over the year by 711,000, which falls considerably short of the 971,000 average annual increase that took place in the previous 7 years. Employment is now 1,074,000 less than a year ago. An exceptionally large part of this reduction is in agriculture, 498,000. Nonagricultural employment is 576,000 smaller than a year ago. Unemployment is 1,785,000 greater.

Manufacturing employment declined slightly in June for the eighth month in a row. The June figure of 15,829,000 wage and salary workers in manufacturing is 1,587,000 less than the 17,416,000 so employed in June 1953. Average hours of manufacturing production workers in June were 39.6, compared with 40.7 hours a year ago. This reduction of 1.1 hours a week for 16 million workers is the equivalent of full-time unemployment for an additional 440,000 workers.

[Mrs. SULLIVAN addressed the Committee. Her remarks will appear hereafter in the Appendix.]

Mr. SIMPSON of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. CURTIS].

Mr. CURTIS of Missouri. Mr. Chairman, I will not take the 5 minutes. I simply want to state that, of course, I am behind this bill which came out of our committee. Essentially I think it is a good bill and it is perfecting our unemployment-insurance program. I think the test of time has shown that the balance that has been worked out between State and Federal Governments in this field has been a pretty good one. Essentially, the arguments that will be advanced in behalf of the amendment which will be offered by the gentleman from Rhode Island [Mr. FORAND] are the question of whether that balance should be changed and whether or not the Federal Government should be taking a more detailed part in the program instead of letting the States proceed. But the main reason why I took the floor at this time is to call attention to the unemployment situation as it actually exists.

The gentleman from Rhode Island [Mr. FORAND] mentioned the fact that unemployment had increased by about 42,000 in the past month. There is an article which appeared in the July 8 issue of the New York Times on this subject. The headline reads: "Employment Up 989,000—Most of the Increase on Farms."

But in this article it points out this particular thing, and there are a couple of other sections to which I want to refer, and later on I shall ask permission to insert the whole article in the RECORD.

The rise in unemployment is significantly small because seasonal factors usually increase the total 10 to 11 percent in June, as students and graduates enter the labor market. A 10-percent increase in unemployment would have meant a rise of 334,000 unemployed.

So the actual fact that almost 1 million additional people are employed than were employed last month is a significant feature.

Continuing, this article says:

June brought the first break of any significance in the number of relatively long-term unemployed, those without jobs for 15 weeks or more, which had remained at the 1 million mark since March. In June this group dropped by about 200,000—

In other words, that is 20 percent—

to an estimated 850,000.

That is really the significant figure. The conclusion of the article is that it looks like the peak has been passed, and that our unemployment problem has been met. Incidentally, at no time has it assumed the significant proportions that some people would have us believe. It has nowhere near attained the proportions that we saw in 1949, and of course any attempt to compare it to the 1930's is ridiculous.

In addition to that there is one other figure I want to emphasize, as I have before, our civilian labor market has taken over some 250,000 Government employees who have been let out. It has absorbed those, plus some 600,000 boys who have been in the services, who have been returned to civilian life from the uniform since the end of the Korean war. A gentleman of the opposite party said in a recent public speech, for every boy that is returned from Korea, two have returned from Detroit. Well, aside from being an untrue statement it certainly is filled with cynicism and defeatism.

I say the fact that we are reverting to a peacetime economy is the significant thing, and I think the administration is doing a great job in actually bringing about prosperity with peace. It can be done, and we do not need any war in order in order to solve the unemployment problem.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Rhode Island.

Mr. FORAND. I would like to hear the gentleman tell us just what the administration is doing to take care of the large unemployment situation, if it is doing such a fine job.

Mr. CURTIS of Missouri. One thing is that it is encouraging private industry for a change, and making it possible for business to go ahead; it is creating new employment opportunities because it is encouraging private business.

Mr. FORAND. Does the gentleman know there are more business failures now than there have been in the past?

Mr. CURTIS of Missouri. I am saying what the unemployment figures show. Never in the history of the country were so many people employed.

Mr. FORAND. Never in the history of the country was the population so large or never was the population increasing at such a rapid rate.

Mr. CURTIS of Missouri. If you will compare these figures on a percentage basis, the percentage of employed to unemployed and to the total population, the result will show that we are in no serious circumstances, particularly when it is realized that we have in less than a year reverted from a wartime economy to a peacetime economy.

[From the New York Times of July 8, 1954]

EMPLOYMENT UP 989,000—MOST OF INCREASE ON FARMS

WASHINGTON, July 7.—Employment rose 989,000 from May to June, most of it on farms. The rise in unemployment was negligible—not more than 42,000. After allowance for seasonable factors, the downtrend in nonfarm employment appeared almost completely halted in June.

The level still was 1,800,000 under the peak for the month attained last year.

The total employed during the survey week early in June was estimated at 62,098,000, compared with 61,119,000 a month earlier.

The unemployed total was estimated at 3,347,000, compared with the May total of 3,305,000.

PAST PATTERNS CHANGE

Neither the employed nor the unemployed totals moved as much as seasonal patterns of the past would indicate. The rise in unemployment was significantly small, because seasonal factors usually increase the total 10 to 11 percent in June as students and graduates enter the labor market. A 10 percent increase in unemployment would have meant a rise of 334,700.

The Census Bureau, which makes the general employment and unemployment estimates, said the number of students entering the labor force between May and June was somewhat smaller than in most other postwar years.

A joint release by the Commerce and Labor Departments said that as June progressed there was a further decrease of unemployment among adult workers.

Some of the other highlights of the month's developments were these:

June brought the first break of any consequence in the number of relatively long-term unemployed (those without jobs for 15 weeks or more), which had remained at the 1 million mark since March. In June, this group dropped by about 200,000 to an estimated 850,000.

New unemployment, as measured by initial claims for State unemployment insurance, continued to decline seasonally during June. By the week ending June 28, the volume had fallen to 265,000, the lowest level for any week since October 1953, and 5 percent less than in May.

CONSTRUCTION WORK RISES

As in the last 2 months, many previously jobless men found employment in construction work, and there was some easing in unemployment in other business areas as well.

The two departments, reporting on new construction, said the seasonal rise in June expenditures made a total of $3,300,000,000 for the month and a 1954 first-half total of $16,600,000,000.

The number of employees on nonfarm payrolls, which excludes the self-employed, domestics, and unpaid workers in family enterprises, rose 142,000 to 48,100,000 in June, while factory employment remained unchanged at 15,800,000.

The workweek of factory production workers averaged 39.6 hours in June, a third of an hour higher than in May, the Bureau of Labor Statistics reported. This June average, however, was 1.1 hours below that of June 1953.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. FORAND. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. KELLEY].

Mr. KELLEY of Pennsylvania. Mr. Chairman, since this discussion has developed into one about employment and unemployment, I wish to say that my congressional district, which is Westmoreland County of Pennsylvania, has been in distress for many months. Unemployment is a serious matter in my district. The miners are idle, steelworkers are idle, electrical workers are idle, and there are idle men in the glass-manufacturing plants. I am therefore interested in the amendment to be offered by the gentleman from Rhode Island [Mr. FORAND], because most of my people who are unemployed have exhausted compensation benefits and are now dependent upon relief or charity and some aid from surplus Government food.

Just recently the Pittsburgh area as defined by the Labor Department has been placed in the No. 4 category as a critical area. That does not indicate that there is any improvement in the situation there in employment; it indicates that it is getting worse.

As long as the steel industry operates at less than 70 percent of capacity, you will never have any prosperity in this country, you cannot have it for basic industry, and that is what it has been for some months now, and it is getting worse.

It is not a recession in my view, it is a depression. It is a depression in my district. My people view it as a depression and not a recession. They are the ones who are suffering, they are the people without employment, and many have been for months.

Mr. Chairman, the people in Westmoreland County, Pa., in the center of Pennsylvania's bituminous coal, steel, and electrical industries, do not believe in beating around the bush. They believe in speaking straight-out.

When some of the Republican newspapers in our county started to apologize away this recession by calling it an "inventory adjustment" and things of that kind, the miners and the steelworkers and electrical workers and our other industrial workers adopted their own phrase for it. They call it "Ike's depression."

They remember the last depression and they remember we had a Republican administration at that time. They tend to associate Republican and depression as words which go together.

Frankly, Mr. Chairman, I can not blame them, particularly when I see the fraud we are perpetrating on the people through a bill like this which pretends to be an unemployment compensation bill.

Jobless workers in Westmoreland County who have used up their full 26 weeks of benefits and still do not have jobs can starve, as far as this bill is concerned. There is nothing in it for them. Those who are still on unemployment compensation and drawing a meager $30 a week top benefit, trying to feed and care for a family on that, can limp along as best they can for there is nothing in this bill for them either.

I will be happy to join with Congressman FORAND and other Democrats in trying to write into this bill a higher system of benefits—half-pay up to a top of two-thirds of the average weekly wage.

That would raise the top benefit in Pennsylvania to about $44 a week, which is not very much on which to run a household these days but is a whole lot better than the present $30 top.

I am sorry the administration refused to help us to get a better bill than this one now before us. I am sorry it is shutting its eyes to the magnitude of the unemployment problem and the hardships that go with it.

In my county, however, it is just about what the rank-and-file industrial worker would expect from a Republican administration and so there will be no surprises there.

They just call it "Ike's depression" and let it go at that. What burns them up most, Mr. Chairman, is that they have to wait 2 more years for a chance to vote in a presidential election.

Mr. REED of New York. Mr. Chairman, I yield 8 minutes to the gentleman from Wisconsin [Mr. BYRNES].

(Mr. BYRNES of Wisconsin asked and was given permission to revise and extend his remarks.)

Mr. BYRNES of Wisconsin. Mr. Chairman, I intend to support this bill. I voted in the committee to report it to the House. I must say, however, that I am not too pleased with two sections of the bill, and as a result I filed dissenting views with respect to the section on the extension of tax to employers of four or more employees, and that provision relating to experience rating.

It seems to me that when we approach this problem of unemployment compensation we face one basic issue: The matter of States rights. When this program was conceived, the general purpose of the Federal Government coming into the picture at all was to encourage States that at that time had not acted to adopt unemployment compensation plans. The Federal Government gave its stamp of approval to the idea, the theory and the objective of unemployment compensation, and took steps to encourage the States to adopt State plans. Fundamentally, all through the history of unemployment compensation it has been conceived as an area for State legislation with assistance from the Federal Government. We levy a Federal tax and we today collect a Federal tax from employers, not for the purpose of providing a fund from which benefits can be paid but only to provide administrative funds to assist the States in the administration of the State program. But we have always left the fundamental decisions, the details, the benefits, the length of benefits, also the area of the employers to be covered, particularly in that troublesome field of employers in small business, to the States to act on the basis of the conditions existing in the various States.

I do not know why it is that we in the Congress so often take the attitude that we here are so much smarter than are our counterparts in the State legislature, that all the brains rest here in Washington, and that the legislatures and the State administration in the State capitals are absolutely devoid of any reasonable intelligence and that we have to make the decisions. Having served in a State legislature, I would like to say that at least as far as this Member of Congress is concerned, he has a very high respect and a very high regard for the wisdom of the State legislatures in meeting the problems in the various States. To me many things that we meddle with here could much better be done if they were left to the decision and the determination of State legislatures and local communities.

Mr. Chairman, that is what we run into as far as this particular bill is concerned and it is what we run into in connection with the amendments to be offered by the gentleman from Rhode Island [Mr. FORAND]. I know that there has been for a long period of time a great effort on the part of some people to completely federalize the unemployment compensation program. These people feel that we should not leave the decisions to the State. They say: let us get it all down here in Washington and federalize it, let us disregard the conditions that exist in the various States and let us have a national pattern, that is the only way it can be done. Underneath it all, I suppose, is this idea that all wisdom rests in Washington which idea, of course, I do not subscribe to at all.

Mr. Chairman, it is this matter of States rights, States prerogatives and the recognition that this program is basically a State program with Federal assistance and Federal encouragement that is at issue when we consider the Forand amendments that are to be offered. Make no mistake about it, those amendments have only one purpose and one objective and that is to federalize the program and take away from the States the right to determine the amount of benefits, the length of benefits and all the various other factors which today and historically we have left to the States.

On that basis I am opposed to the Forand amendments. I think it is on that basis that the President himself has said that some of the provisions of the Forand bill are good provisions but they are provisions that should be adopted by the States and not superimposed from above by the Federal Government.

It is because the extension of the tax encroaches upon the State prerogatives, that I oppose that particular section of the bill.

There is nothing in the Federal law today that says to a State, "You cannot bring employers under the unemployment compensation provision if they employ less than 8 employees." We say the States can go as far as they want to. They can cover employers that have only one employee at any time. In fact, some States have done so. But, is that not the State's right? Is that not up to the State to decide?

Another matter we should recognize is that this bill does not provide for benefits. If you look at section 1 of the bill, it simply imposes a tax. It does not insure any benefits. It imposes a tax on employers of four or more employees. It does not say what benefits the employees are going to get or that they are going to get any benefits. All we do is say we are going to tax employers of four or more employees.

Certainly we assume the States are going to act to cover employers of four or more employees, thus having them pay a certain part of the tax to the State government and get credit against their Federal tax. It is logical and certainly I think we can all assume that that is what is going to happen. But, as far as this section 1 is concerned, it gives benefits to nobody; all it does is impose a 3-percent Federal tax on employers of 4 or more employees.

That matter of what employers should be excluded has been up in the States at various times. Some State legislatures have had bills introduced to lower the standards—"standards" may not be the proper word—but to lower the number of employees in a given plant who will be covered by unemployment compensation. In some States they have adopted lower standards such as one or more employees at any time as the test. Others, however, have turned down legislation or bills introduced in their legislatures to accomplish similar objectives. Is it not right for them to make their own determination? Can they not respond to the needs of their own people and the desires of their own people? It seems to me they can, and it is for that reason that I oppose section 1 of the bill.

The reason I am voting for this bill is the provision in the bill which covers Federal employees. It seems to me that Federal employees should be on a par with employees generally throughout the country. The Federal Government as an employer should have similar responsibilities toward its employees that other businesses have toward theirs, and certainly should have the same responsibility toward its employees that we by law say to private industry they must adopt toward their employees.

So, Mr. Chairman, on the basis of the coverage of Federal employees, I believe this bill is a much-needed piece of legislation. It is only because in my judgment that factor does outbalance the provision which I do not approve of in the bill that I am going to support it. I wish it were possible under the rule to strike out section 1 relating to the extension of the tax on employers of 4 or more employees and also that section which reduces the experience-rating provision to 1 year rather than a 3-year base. Unfortunately, that is not possible.

In closing, Mr. Chairman, I would simply make this one observation: Let us not try to take unto ourselves here in Washington all prerogatives and jurisdiction over matters which we all know in our hearts can much better be done at a State or local level of government. Let us not act in a way which will give rise to the feeling that we here in Washington have lost confidence in the ability, in the integrity, and in the wisdom of our State governments.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. EBERHARTER].

Mr. EBERHARTER. Mr. Chairman, I listened with a great deal of attention and with a great deal of respect to the gentleman from Wisconsin [Mr. BYRNES]. He makes a very strong argument, from his point of view, that we should leave this matter entirely to the States; do not let the Federal Government interfere at all.

Mr. Chairman, if that is a good argument, why did the Federal Government in the first place pass an unemployment compensation measure? In other words, if we follow his argument to its logical conclusion, the Federal Government should not at any time or in any instance pass any Federal unemployment compensation legislation. So that when it comes to that, the only thing we have to consider is the matter of degree in the setting of standards by the Federal Government. This bill merely sets up minimum standards with which the States must comply in order that employees will get the benefit of unemployment compensation.

It is a well known fact, known to anybody who has made any study of the subject, that the States have not kept pace with economic conditions, with economic factors. We know that the benefits do not rate nearly as high as they did 8 or 10 years ago or even 5 years ago. We know that the duration of the benefits is not as satisfactory as it was 7 or 8 or 5 years ago or 3 years ago. We know that the States, as a matter of history, have fallen back in this respect and that this measure effects nothing whatsoever for the working men and women in this country.

Everybody admits that the economy is in a better condition than it was 10 years ago. Standards of living are higher. We do not believe any more in unemployment. That used to be accepted as one of the natural results that follow from our economic system. But I think we have advanced in our thinking throughout the country. We have come to believe that we should do something to alleviate the distress that occurs by reason of unemployment.

Let us look at this from the standpoint of the employee. If a man works for a company that has eight employees and he loses his job through no fault of his own, he is entitled to unemployment compensation. But a man or a woman who works for an employer who employs only three people gets no protection whatsoever so far as Federal statutes are concerned.

Some States have seen the inequity of this situation, that if 1 employee who works for a big company is entitled to compensation, why is not an employee who works for a company with only 1 or 2 employees? Is not his unemployment a matter of just as much distress as it would be to an employee who works for a big corporation?

Mr. Chairman, as I see it, the situation is such today that this legislation is entirely inadequate to meet the social thinking of the country and to meet the economic necessities. Why are we including in this measure, forcefully including, if we want to say so, all Federal employees? Because we recognize that when a Federal employee loses his position he is just as much in distress as a man who works for some big corporation. So we include him in this. But they object very, very strenuously to including employees when there are only 2 or 3 employees of a small business. From that standpoint, I do not think this bill is accomplishing nearly what the general public expects. I do not think it is coming anywhere near the recommendations of the President of the United States.

I know it will be broadcast over the land that the forward-looking program and the liberal program of the President takes another step forward, but this bill does nothing whatsoever. One of the main features of the bill is to permit reduction in taxation which goes toward building up these unemployment-compensation funds. It will be a great boon to some businesses, of course. That is a feature which, while I have no particular objection to it, I think some people would have, as was expressed by the gentleman from Wisconsin [Mr. BYRNES] a few minutes ago.

I think it is up to the Federal Government. We embarked on a step of practically compelling all the States of the Union to set minimum standards whereby unemployment compensation would be paid, and now because some of us want to go a little further and increase the minimum benefits there is great objection because we are supposed to be interfering with States rights. To me that does not seem logical at all.

The bill does a little bit of good, of course, by taking in Federal employees, but I cannot see any other benefits from the bill whatsoever. The situation with regard to unemployment is much more serious than most people realize. In the western Pennsylvania area there are great steel mills which have been operating for a number of years at practically 100 percent of capacity. But now, Mr. Chairman, they are operating at 59 percent of capacity, producing 40 percent less steel than they did a few years ago.

The unemployment situation in the Pittsburgh area is 7.9 percent. Thousands upon thousands of employees have practically exhausted their unemployment compensation benefits, thousands upon thousands are suffering loss in take-home pay by reason of working a less number of hours than 40 hours a week. The situation is much, much worse than it is portrayed by the morning newspapers, when a very Pollyanna statement was put out that there are more employees now than there have ever been in the history of this country. Of course, they fail to mention the fact

that the population has increased. They fail to mention the fact that there are hundreds of thousands of boys and girls who have graduated from schools and who are now in the position of seeking employment. I might call attention, Mr. Chairman, to the fact that this Pollyanna statement just issued was taking in a period of the first 12 days in June. So it does not take into account the many, many hundreds of thousands of employables who graduated from schools since June 12. So I do not think they should be too happy about the employment situation. Of course, we see, Mr. Chairman, that the stock market is rising, hitting an all-time peak. Profits are getting greater and greater. The incentive for investing in stocks is getting greater and greater. But unemployment is getting greater and greater and hardship and distress is occurring. Fifty-nine areas of the country have been acknowledged and certified to by the President of the United States to be distress areas. What is a distress area? A distress area can mean only one thing, if we take into account the definition of what distress means. That means families including children and wives of workingmen are suffering distress. I am sure it is not because they do not have enough clothing. I think it is because they do not have enough to eat. So I think it is time for the Federal Government to step in and consider those things once and a while. I think this Congress is giving too much attention to the matter of seeing their profits are greater and is worrying too much that business will be taxed, and does not have enough regard to perhaps a reduction in taxes for those people who need a little spending money so as to bring about a greater circulation of money and increase the purchasing power of the great masses of the people. Piling up great fortunes in the hands of a few people is not going to make for the general prosperity and general welfare of this country. The businessmen right now—the small-business men are paying and paying heavily for the folly of many of their policies adopted during the last 2 years. Walk along the streets and talk to the businessmen who cater to the masses of employees and they will tell you how business is. They are not making any profits. They are losing money day after day, giving credit to people whose unemployment compensation has run out, and giving credit to people who are on relief. How are you going to have prosperity? We are not here in this Congress to legislate only for certain types of people and certain types of organizations. Our greatest concern should be the great masses of the people and not just a few.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, it is a well-recognized fact in our country that the problem of the workingmen, especially those who are ill or who have suffered accidents, has been taken care of and has been considered by the State governments and the Federal Government, and is a matter that should be taken care of. I remember many years ago in our great State of Ohio, we passed what we called the workmen's compensation law and that has proved to be very popular and very necessary. The Federal Government takes cognizance of this problem of unemployment under the unemployment compensation program. This program is a joint Federal-State undertaking.

Pursuant to recommendations made by the President for improvement in our unemployment compensation laws, the Committee on Ways and Means has made an extensive study of the matter. The result of that study is contained in this legislation which is before the House of Representatives today, H. R. 9709. This bill will make four improvements in our unemployment-insurance laws.

These improvements are: First, 1.3 million additional workers would be brought into the system through the extension of unemployment-insurance coverage to employers of 4 or more in 20 weeks. Present Federal law provides for coverage of employers of 8 or more in 20 weeks. I am proud to say that in our great State of Ohio we have for many years had a more far-reaching provision in that we have extended coverage to employers of 3 or more at any time.

The second improvement contained in H. R. 9709 is in the reduction from 3 years to 1 year of the experience-rating principle to new or newly covered employers. This provision will mean that small business and new businesses will have the advantage of paying reduced tax rates where they have had a favorable employment experience in 1 year. Such business will not have to wait for the 3-year period before being eligible for this tax benefit. It should be pointed out that this reduction in the experience-rating period is optional with the States and merely extends to the States the privilege of taking advantage of this amendment.

The third important change has to do with the method of making tax payments under the program. Because of the expanded coverage it became administratively necessary to eliminate the present quarterly payments and to require annual Federal payments.

The fourth important change was an extension of unemployment insurance coverage to 2½ million Federal workers. A Federal worker out of a job is as much in need of unemployment insurance as a worker who has lost his job in industry. Therefore, the Committee on Ways and Means has deemed it appropriate to permit Federal workers to participate in the program.

These amendments are all proper prerogatives of the Federal Government. Suggestions have been made for Federal legislation to require increased benefit levels and extended periods of benefit payments. The Committee on Ways and Means rejected these proposals because they are matters appropriately within the scope of State determination. It has historically been the States' prerogative to set the minimum and maximum benefit amounts and to establish the duration of such benefit payments. H. R. 9709 would do nothing to deny to the States control over those aspects of the unemployment insurance which have traditionally been a matter of State determination.

I would like to commend my colleagues on the Committee on Ways and Means for this constructive legislation which is before the House today.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. GRANAHAN].

(Mr. GRANAHAN asked and was given permission to revise and extend his remarks.)

Mr. GRANAHAN. Mr. Chairman, a statement in the next to last paragraph of the minority report on this bill, signed by five of the Democratic members of the Committee on Ways and Means, should be painted on a big billboard outside the Capitol so that every Member of the House could read it every day while going to and from the Chamber. It might have some good effect.

It is this:

> This Congress is about to go home to face millions of unemployed workers. It will go with empty hands, so far as meeting their needs for unemployment-insurance payments adequate as to weekly amounts and number of weeks' duration. They have asked us for bread, paid for on insurance principles; we are about to give them a stone.

Mr. Chairman, in recent weeks we in the Philadelphia area have had the shock of having our city and the surrounding area declared a distressed area. Factory payrolls alone are nearly 8 percent below a year ago. Unemployment in our area is estimated at nearly 7 percent of the total labor force, and is double what it was a year ago.

This is not just for Philadelphia proper, but for Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania, and Burlington, Camden, and Gloucester Counties in New Jersey. This is the great Philadelphia metropolitan area—Greater Philadelphia—and it is a distressed area of substantial unemployment.

The unemployed in our area are largely people who have been working in the metalworking industries and in such other factory-type work as apparel, transportation equipment—ship, aircraft, motor vehicle and railroad production—in electrical machinery, textiles, and so on.

More than 17,000 have lost their jobs in the transportation equipment industry, 11,000 in apparel production, and thousands in the other industries.

An unemployment compensation bill—even an adequate bill of that nature—could not by itself solve this great employment problem. But an adequate bill could help to cushion the hardship and suffering which result from involuntary unemployment. This bill before the House today is far from adequate in that respect; actually, it does virtually nothing for the unemployed worker in the Philadelphia area.

It does not raise the present maximum benefits of $30 a week. It does not increase the present maximum duration of benefits of 26 weeks. For the average worker in my State, it does not do a single thing. It does not cover in a single additional non-Federal employee into the system, because we now have wider coverage in Pennsylvania than this inadequate bill proposes.

There is one thing and one thing only that this bill does for any unemployed Pennsylvanian. If he happens to be a Federal employee who has lost his job in a reduction-in-force, he can now be covered into the unemployment compensation system under this bill. That sounds fine, for we have had thousands of Federal employees discharged in the Philadelphia area in the last year and a half, in budget cuts; particularly at the Navy Yard. I have long been urging their inclusion under unemployment compensation.

But I would not advise any of those discharged Navy Yard workers or other Federal employees in my district to get excited too quickly about their prospect of collecting unemployment compensation under this bill. I would not advise them to order anything from the grocery store with a promise to pay it right away with an unemployment compensation check. For under this bill, the unemployed Federal employee will have to wait until next New Year's Day to begin collecting unemployment compensation benefits.

Many of them have been out of work for many months, using up their accrued annual leave, their contributions to the retirement fund which they had to draw out and spend for food and shelter, and then whatever other savings they had accumulated. After that, they went into debt. I do not see how they can hold out until next January 1 to begin collecting unemployment compensation, in case they still have not found employment.

I make this point, Mr. Chairman, because we are dealing with a situation in which workers—no matter how willing—in thousands of cases just cannot find employment. This is particularly true of some of our Federal employees who have spent a lifetime in the Federal career service and are now at an age where industry hesitates to employ them. It is most unfortunate for older women among them—they just cannot find new jobs.

If our economy were booming and new job opportunities were opening up, this would not be such a problem. But the evidence shows the job market in the Philadelphia area and elsewhere among major industrial centers has been shrinking, and with all the youngsters coming out of school and entering the labor force, the situation becomes worse.

I am deeply disappointed, Mr. Chairman, that the majority members of the House Ways and Means Committee refused to approve the bill introduced by Representative FORAND, of Rhode Island, and cosponsored by 85 of us on the Democratic side. As I informed the committee during hearings on that bill and the others which the committee considered, the Forand bill would mean substantially increased unemployment compensation benefits for our workers in the Philadelphia area—up to a top of $44 a week under present conditions, for a maximum of 39 weeks, instead of the present top of $30 a week for 26 weeks.

The Reed bill now before us, on the other hand, does not increase benefits a single cent or increase their duration in Pennsylvania by so much as a single day.

I will support the amendment proposed by Mr. FORAND to this bill to increase benefits along the lines of the formula originally suggested by President Eisenhower in his plea to the individual States—a plea which none of the States has heeded and which the Republican members of the Ways and Means Committee refused to write into this bill. From the temperament of the Republicans in the House, however, it looks very much as if the Forand amendment will fail. If it does, then each Republican Member of this House, as he prepares to go home to campaign for reelection, should remember the words of the minority report on this bill—the words I cited at the start of my talk, that—

> This Congress is about to go home to face millions of unemployed workers. It will go with empty hands, so far as meeting their needs for unemployment insurance payments adequate as to weekly amounts and number of weeks' duration.

Mr. COOPER. Mr. Chairman, I ask unanimous consent that all Members who desire to do so may extend their remarks at this point in the RECORD on this bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. RODINO. Mr. Chairman, within the last 6 months Congress has noted with ever growing concern the increasing magnitude of unemployment in these United States. If we are, as statistics seem to show, in the first phases of a recession, we must immediately take steps to assure ourselves that the recession does not automatically turn into a depression and wreck the country on the shoals of economic disaster. Surely, as men on whom the economic destiny of the country has been placed, we have learned sufficient lessons from the past 30 years to avoid that hazard.

Unemployment is not, at this time, a theoretical threat. It is a real and present danger. As of early May, 3,305,000 of the labor force were out of work. The Chairman of the Economic Advisors of the President, Mr. Burns, has indicated just how serious this figure is when he said:

> A level of unemployment which exceeds two or two and a half million is something to be taken very seriously by the Government and the country.

H. R. 9430 is a serious consideration of this problem. It gives due recognition to the fact that unemployment is governed by nationwide economic forces, and should be realt with on a nationwide basis. If we do not take up this matter, if we rely on local responsibility, we shall develop the same bottleneck of labor mobility that the Elizabethan poor laws created, where every laborer, in order to receive benefits, had to stick closely to the parish in which he was inscribed. We are an industrial nation, dependent on labor mobility. We would be the laughing stock of the world, if we borrowed a page from an era that even Adam Smith decried as blocking progress in the 18th century.

According to statistics available as of June 19, 1954, the national average for insured unemployed drawing payments is 5.4 percent for the Nation. At the same time it was 6.3 percent for the State of New Jersey, which is above the national average. This does not include those who have exhausted their benefits, or those who are unemployed but not covered by unemployment insurance. As of May 1954, the city of Newark was in class III, showing a slight labor surplus, chiefly in the fields of electrical machinery, transportation, and shipbuilding. Throughout the Nation there are 51 major areas with anywhere from 6 to 12 percent of unemployment, that is in class IV denoting substantial or very substantial labor surplus.

Percentages are cold figures. What these percentages mean in actual round numbers are such totals as 2,213,000 insured unemployed in the last week of February, and 2,174,000 in March. One hundred and fifty thousand of these benefit claimants exhausted their benefits in March 1954, and to this must be added the 351,000 who had exhausted their benefits previous to that month. We arrive at a figure of those not receiving any compensation that edges above one-half million. Most of these major layoffs were in the mining, manufacturing, and so forth, industries, primary industries, whose slowdowns or shutdowns affect the whole economic tempo of the Nation.

Moreover, as the public members of the Committee on Intergovernmental Relations of the Federal Advisory Council point out:

> Some of the major concerns of the Federal Government in this field seem to be: (1) The instrument of unemployment insurance has become the accepted first line of defense against loss of income due to unemployment and provision should be made that it will be so used in all parts of the country. (2) The investment and liquidation of sizable unemployment insurance reserve funds has a significant impact upon the functioning of the banking system, the security markets, and the fiscal policies of the National Government.

H. R. 9430 is intended as the integrated answer to this problem of unemployment insurance. It also represents the culmination of a total economic program. The House of Representatives in passing the revision of the Social Security Act on June 21, 1954, provided for that segment of the working population which is retired, or some day will retire. It thereby showed intelligent concern for the purchasing power of those no longer in the labor force. Further, Congress has shown its concern with the purchasing power of farm income in passing Public Law 312, which increased the borrowing power of the Commodity Credit

Corporation to enable the Corporation to maintain the price-support program entrusted to it. In addition, the Congress is sympathetically considering a further increase in the CCC's borrowing power.

Can we pass such laws and then act as though we had no realization of the necessity of keeping up the purchasing power of the unemployed? Unless we do so, we are going to be in the disastrous and ridiculous position of being a master architect of a two-legged stool. For without improvements to the unemployment compensation system that is all we are.

In taking action on unemployment compensation along lines indicated in H. R. 9430, the Congress provides itself with an unparalleled chance to complete the work already well begun. This bill affords us an opportunity to provide adequate benefits to those members of the labor force faced with a break in their employment record.

I put my emphasis on the word "adequate." And in line with that objective I urge the Congress to pass H. R. 9430, the only bill which has a comprehensive program of strengthening the whole unemployment compensation system. Moreover, in addition to the 86 congressional cosponsors of the bill, persons of good will and interest, particularly those who represent the laboring class, have expressed their approval of its provisions.

One aspect of the situation that must be pointed out, is that we are faced with this problem not on grounds that there are not enough funds in most States, but because of the great reluctance of the States, in economic competition with each other, to be too liberal with their reserves. These reserves have reached a level of almost $9 billion at the end of 1953. Yet only about $1 out of each $3 in lost wages and salaries is being replaced by unemployment-insurance payments. This is not sufficient to ease substantially the impact of unemployment and to avoid its repercussion on the economy of the country as a whole, and particularly in local communities where there is substantial unemployment. A small slump will so greatly impair buying power that ever expanding circles of unemployment will follow. The importance of properly providing aid during this transition period cannot be too emphatically stressed.

The President of the United States has stated:

> Unemployment insurance is a valuable first line of defense against recession. * * * But even as a first defense the system needs reinforcement.

H. R. 9430 provides this needed reinforcement. The Congress has the duty and the responsibility of bringing about these improvements by establishing minimum standards for size of weekly payments, duration of payments, disqualifications and financing. Only by such action can the system be made adequate to carry out its intended purpose of providing basic protection to unemployed workers.

H. R. 9430 proposes three things, each of them simple; each of them of paramount importance for the accomplishment of a genuinely workable system of unemployment insurance. First of all, it would extend unemployment compensation to new categories of workers; secondly, it would set minimum standards with respect to the conditions under which such compensation will be paid as well as to the amount and duration of such compensation; and thirdly, it will make other overall improvements in the structure and administration of the unemployment compensation system. Let us look at each of these in turn:

First. New categories of workers will be brought under the unemployment compensation provisions.

The definition of "employee" is changed to make various persons outside the common-law relationship of employer and employee which presently prevails come within the definition. In fact, the definition is the same as that used in the OASI provisions of the Social Security Act and covers persons who would formerly have had the status of independent contractors because they were employed as agent-drivers, or commission-drivers, full-time life insurance salesmen, persons working according to specifications of an employer but within their own homes, or traveling or city salesmen engaged in full-time solicitation business. The only exceptions are those individuals who have a substantial investment in the facilities used in connection with the performance of services, or persons performing services which are in the nature of a single transaction.

The definition of "employer" is enlarged to include persons having at any time during the taxable year one or more individuals in employment. First of all, this concept of "at any time" does not mean every casual employee who comes along. The act expressly excludes from the concept of employment people who are not in the regular trade or business of the employer. This means, that to be subject to tax as an employer, you have to be in a trade or business or employ a worker for at least 26 days out of the quarter and pay him at least $50 in that period. The provision will aid in preventing an easy kind of fraud which is carried on at the present time, and that is where an employee receiving unemployment compensation because of separation from a covered job takes a job that is not under unemployment insurance and receives both incomes. Only an extensive, and expensive, field survey can uncover this. With all employers reporting, an easier check could be made and a psychological block erected that would stop many people from trying the scheme.

All these improvements are both realistic and helpful. Do you realize that unemployment insurance covers only about two-thirds of the employees in this country? The fact that the other third is not covered does not mean that they are always employed. In fact, they are in a worse situation than those covered by insurance. When the law was enacted in 1935, the figure 8, as the determining number for covered employment was chosen as a sort of compromise to get the thing started. It was expected to be changed soon. Well, it has not been changed in the years from 1935 to 1953. The body on this insurance jalopy is just the same as it was then. We put a great experiment on the road and let it run on in model T style over 18 years. It does not seem American. It does not make sense. The American way is to improve with time, to make the good things of life available to more and more. Beyond that, commonsense should tell us that having possibly one-third of our employees not covered by insurance leaves us in an exceedingly vulnerable position, economically speaking. For the fall in their buying power, resulting from their being unemployed, is total. The covered employees experience only a partial failure of buying power. Surely, if partial failure is harmful, total failure must be disastrous. The Under Secretary of Labor, Mr. Larson, has stated it succinctly:

> If unemployment insurance is really a good thing for two-thirds of the workers of this country, is it not just that much better a thing for as many more as you can possibly cover administratively?

This piecemeal procedure that we are laboring under at present is liable to produce something we have never yet had in America, and, please God, never will have, and that is first- and second-class workers. But if some employees are covered by insurance and others, whom we could feasibly cover, are left out, what else do you expect? Do you think one family man working for his family has less pride than another? Why do we condemn the one to seek relief then, when he is out of employment, while the other is able to draw unemployment insurance? It is not a just method, and it will leave scars on the minds of those who are discriminated against. If such people turn against Congress because of its gross lack of interest in their well-being, can we blame them?

Second. Minimum standards have been set (a) with respect to the amount and duration of such compensation, and (b) with respect to the conditions under which entitlement accrues.

The responsibility for setting minimum standards for unemployment compensation is definitely on the Federal Government. We cannot agree that the responsibility should be passed on to the States. The competitive aspect among the States both as to the maximum payment amounts, and the tax rates, is too keen. On February 16 of this year, President Eisenhower and his Secretary of Labor, Mr. Mitchell, urged the States to adopt certain minimum standards. To date, only Michigan of the 26 States not having 26 weeks' coverage has acted to meet the President's suggestion and extended its coverage period to 26 weeks. Now, as most of the legislatures of the remaining States have adjourned, no further action is probable. The only way, then, that we can handle the situation, is for the Federal Government to set the standards. Then everyone moves forward together, and there is no competitive disadvantage in tax or anything else. Undoubtedly the States are sympathetic to our suggestions. In fact, 32

of them, by express statement in their own unemployment compensation acts, stand ready to make an automatic extension of coverage at any time that the Federal law requires it.

What minimum standards are we proposing?

First, the maximum benefit under State laws would be not less than 66⅔ percent of the State's average weekly wage. Subject to this maximum, each individual's benefit would be not less than 50 percent of his weekly wages. The average weekly benefit now ranges from $20 to $35. The suggested change in the law would increase this basic amount. With present day prices, this is a needed improvement. Benefits have lagged seriously behind average weekly wage. Since 1935 wages have tripled while the ceilings on weekly benefit payments have hardly doubled. When the unemployment act was passed in 1935, benefits averaged approximately 50 percent of wages. They trail far behind at the present time. The formula, also, is flexible to the base and would prevent such divergency in the future, since an annual revision as of July 1 each year is to be made by the States.

Unemployment compensation is to continue where necessary up to 39 weeks during the benefit year, whether or not there is an exhaustion or reduction of benefit rights or a cancellation of wage credits. This longer duration of the benefit is necessary because, as pointed out in the economic report of the President, the more unemployment increases in amount, the longer it lasts for an individual.

The individual receiving unemployment compensation shall be qualified when he has received during his base period, in accordance with applicable State regulations, either compensation in excess of 30 times the amount of his weekly unemployment compensation, or if his qualification is based on his quarter wages, more than 1½ the amount of such high-quarter wages, or, if the qualification is based on weeks of employment, more than 20 weeks of work in his base period.

One other major point of clarification for the benefit of the workers is the question of disqualification. The States are permitted to set their own standards for this at the present time, and, as a consequence, many of them have set so many disqualifying conditions that they have seriously hampered the purpose of unemployment insurance. Under H. R. 9430, this could not happen. Once persons have come within the scope of the definition of insured worker and are eligible for unemployment compensation because of cessation of work, the State may deny compensation only for the following reasons:

First. The person left his job without good cause or was discharged for misconduct, in such instance the ineligibility may not continue more than 4 weeks.

Second. The person left his job due to a strike which occurred for reasons other than the failure or refusal of the employer to conform to Federal or State collective-bargaining laws, or to maintain for the employees wage rates and other conditions of work equivalent to those prevailing for similar work in the locality. Unemployment compensation may also be disallowed: (a) For the first week of unemployment; (b) for a period not in excess of 12 weeks immediately following the week in which the employee has been found, after a fair hearing, to have obtained compensation by fraud; or (c) for any week in which the person is unable to work or is unavailable for suitable work. In determining whether the work offered is suitable, there shall be taken into consideration the person's capacities, and whether or not the work available is in any place subject to a labor disagreement, paying substandard wages, or would jeopardize his union membership or require him to join a company union.

Third. H. R. 9430 makes other major structural improvements to the unemployment insurance system.

It provides for coverage of all the unemployment taxes into the Federal Unemployment Account. Against this are to be charged all funds for administration of the State laws including contingency amounts which are to be expended only in instances where the Secretary of Labor finds that changes in economic conditions in a State have increased its expenditures in conjunction with the administration of the unemployment compensation laws.

It provides for reinsurance grants to States with unexpectedly severe unemployment. These are to aid such a State in making adequate payment to its unemployed workers without compelling it to raise the level of taxes on industries in the area which are still meeting a payroll. Reinsurance grants will prevent the out-migration of industries which would otherwise be subject to a tax rate that would place them in a burdensome competitive status with industries in other States. These reinsurance grants will be just that, outright grants, and the States will not be liable to repay them. They are, however, dependent upon meeting the following conditions: In 1955, a State will be certified for a reinsurance grant where the balance remaining in the State compensation fund is less than the amount of compensation paid from such fund during the 6 month period just preceding; for the period 1956 to 1961, the grant will be given where such remaining balance was equal to less than 6 percent of the most recent annual taxable payroll, or less than the amount paid from the compensation fund for the 2 years preceding such date; and for years after 1961, the grant will be made where the State's remaining balance is less than 6 percent of the most recent annual taxable payroll, or less than the amount paid from the compensation fund during the 5 years preceding such date. In the last two cases, the State must have been levying a tax at a minimum rate of 1.2 percent. The grant will be three-fourths of any excess over 2 percent of the taxable payroll for the quarter in which it is made.

Another major structural improvement is to allow the States greater leeway in granting rate reductions in payroll taxes. They can do it, under H. R. 9430, either by the present practice of lowering rates on an individual employer's experience rating, but basing it on 1 year instead of 3, or by a uniform reduction in the levy on all employers.

The advantage of this will be to prevent the unemployment insurance tax from being a burden to employers just starting in business, or to the small employers brought under the act as having one or more employees in their business at any time. Payroll costs are, on the average, 10 percent of the cost of doing business. The unemployment tax at its full rate is 3 percent of this 10 percent. When proper reductions, with the additional credits against tax which they allow, are provided for employers, the adjusted tax rate will be about one and one-half tenths of 1 percent in added costs. This adjustment will ease the imposition of the tax on new categories of employers.

Finally, H. R. 9430 provides that during the interim period before July 1, 1955, before the States have adjusted their laws to conform to the requirements outlined above, any State which wishes to increase its benefits in accordance with the substantive provisions hereof, may enter into an agreement with the Federal Government to receive such additional required amounts as are necessary to accomplish this purpose from the Federal Government. The Secretary of Labor shall make such sums available either in advance upon estimates, or by way of reimbursement to the State for amounts so spent.

H. R. 9430 is the only practical way to implement President Eisenhower's recommendations that payments be increased in amount. It is not a question of partisan politics; it is a question of justice. Let us render justice to those millions of men and women who have paid for it and have every right to it. Let us enact H. R. 9430 and provide an adequate solution to the problems of unemployment insurance confronting us today.

Mr. BYRNE of Pennsylvania. Mr. Chairman, the unemployment compensation program which is before the House of Representatives today represents another milestone in the history of social legislation in this country. It closes a gap which has been open much too long by making eligible for unemployment compensation all civilian Federal employees. Certainly, our Government workers are as well deserving of these benefits as are workers in private industry throughout the country. I am very pleased that the Congress has seen fit to take this action.

It must be pointed out, however, that the present bill leaves something to be desired. The gentleman from Rhode Island, Congressman FORAND, recently introduced legislation, of which I am a cosponsor, which would be more comprehensive than the bill we are presently considering. Unfortunately, the Committee on Ways and Means did not report it out. Mr. FORAND has, therefore, offered on the floor of the House two amendments to the legislation before us and I am proud to be able to give them my wholehearted sup-

port. These amendments would provide for unemployment compensation coverage for 26 weeks and would give unemployed persons benefits equal to an amount from 50 percent to 66⅔ percent of the salaries they received while working. It is well known that payments presently being received by unemployed persons are inadequate for maintenance of a decent and just standard of living. I feel that the Forand amendments are vitally necessary and will be well received by all persons who will be affected by this legislation.

An unemployment compensation program is extremely important to my constituents in Philadelphia. I am personally aware of the situation there and very anxious that something be done to alleviate the distressing conditions which are resulting from the increasing numbers of unemployed. It is worth noting that a great proportion of these people were Federal employees. When the cutback in Federal defense contracts took place, their jobs were abolished and they were released. This legislation would be a welcome boon to them as well as to the many others in Philadelphia who are now without work.

It is my sincere wish that this bill become law as soon as possible and I shall continue my efforts in its behalf.

Mrs. BUCHANAN. Mr. Chairman, I rise in support of the amendments offered by the gentleman from Rhode Island [Mr. FORAND].

Without these amendments the present bill is completely inadequate and utterly fails to meet the openly admitted need for higher unemployment benefits and a longer duration for benefits.

I come from a district in which this problem of unemployment is a critical one. Last month the Labor Department announced that Pittsburgh was one of the 31 industrial centers that have been added to the list of areas of substantial unemployment—those having 6 percent to 12 percent of the available labor force unemployed. And a release from the Pennsylvania State Employment Service under date of June 19, 1954 states that 78,000 persons, or 8.3 percent of the total labor force in the Pittsburgh labor market area, were out of jobs during the month of May. Mr. Chairman, I say that the Members of this House, faced with this ugly reality of serious unemployment and its consequences in human tragedy and suffering, should vote for the pending amendments and assume the necessary responsibilities in the vital field of unemployment compensation.

The pending bill places on the States the responsibility to make the obviously needed improvements in the unemployment insurance program. This is a clear evasion of our responsibility in this field.

May I call your attention to the fact that during the year 1953 only eight States amended the provisions of their unemployment insurance laws governing the maximum length of benefit payments. Could there be any clearer proof of the fact that this cannot be left to the States and that the responsibility is here with us.

Mr. Chairman, as a woman, as one who knows what it is to be a housewife, I plead that for a few moments we think of the plight of those unfortunate families forced to exist on the maximum weekly benefit of $30—the plight faced by the families of those 78,000 unemployed in the Pittsburgh labor market. And these benefits, Mr. Chairman, run out after 26 weeks. Is it any wonder that the great majority of those workers are exhausting their benefits before they can find jobs and are forced to rely upon surplus food allotments to even exist.

Let us assume our responsibility to the millions of unemployed workers in America by adopting the amendments offered by the gentleman from Rhode Island.

Mr. STRINGFELLOW. Mr. Chairman, I wish to voice my support of the provisions of H. R. 9709 which would extend unemployment insurance protection to the approximately 2,500,000 civil employees of the Federal Government. By some strange quirk of fate or complete legislative oversight, we have for many years required private employers to provide unemployment compensation benefits for their employees but the Federal Government has not been so beneficent to its own employees.

During the period of rapid expansion caused by World War II and later the Korean conflict, Federal employment was constantly climbing and the need for unemployment coverage for civil-service workers was negligible. With the end of actual hostilities and by virtue of the fact that our Republican administration has been able to reduce the number of civil servants without any appreciable loss of services or benefits to the people of our country, the number of unemployed civil-service workers has continued to spiral upward. For instance in my own State of Utah while private employment has been steadily increasing, the number of Utahans employed by the Federal Government has steadily declined by several thousand.

Fortunately for us in Utah private employment has been able to provide jobs for most of the Federal workers who have received reduction-in-force notices from our defense installations and other Government agencies. However, there is always a period of transition and adjustment required in shifting from one job to another and many Federal workers have been caught in the financial bind created when their jobs were suddenly abolished.

I am frankly of the opinion that we owe a responsibility to our career Federal employees just as much as private employers do to their workers to provide unemployment compensation to help weather the storm in this period of readjustment.

This administration was elected on a platform which promised a reduction in the number of needless Government agencies and elimination of duplication and waste in Federal functions. It is my conviction that in the year and a half the Republicans have been in power we have accomplished a great deal in abolishing thousands of Federal jobs, at a savings of billions to our taxpayers. But we have an obligation to wield our economy ax with prudence and foresight, and not to make displaced civil servants wards of the State or pawns of charitable institutions.

We can accomplish our objectives of providing both opportunity and a measure of security for Federal workers by giving them the reassurance and peace of mind created by a workable self-sustaining system of unemployment compensation. I have always been a stanch defender of States' rights, and any system of unemployment coverage we adopt for Federal workers should take State programs into account and should give full cognizance to the fact that States should have wide discretionary powers in the administration of such a program.

This view is amply supported by the industrial commission in the State of Utah in a letter I received just today. In this letter Chairman Otto A. Wiesley informed me that the advisory council of the department of employment security of the Industrial Commission of Utah resolved its position as follows:

> If a Federal program is enacted for the purpose of providing unemployment insurance to Federal workers, such a program should be devised as to fit the economy of each respective State * * * and should be administered under State standards and coordinated with State programs.

It is my sincere hope that Congress will approve H. R. 9709, and especially those provisions which recognize the unemployment problem of that oft-forgotten segment of our economy, the Federal worker.

Mr. SPRINGER. Mr. Chairman, I am glad to support H. R. 9709. This bill extends the unemployment insurance system to almost 4 million workers to whom this protection is not available today. This bill provides the first major extension of the unemployment insurance system since its inception in 1935. All of this is a part of a broad program to bring our social-security system to maturity. In my opinion, one of the most important provisions of the act relates to the provision for unemployment compensation for Federal employees, including postal employees. In his Economic Report, the President several months ago said:

> A worker laid off by a Government agency gets no insurance benefits despite the fact that in many types of Federal jobs he is as vulnerable to layoff or dismissal as the factory worker. It is recommended that Congress include in the insurance system the 2.5 million Federal civilian employees, under conditions set by the States in which they last worked, and that it provide for Federal reimbursement to the State of the amount of the cost, estimated to be about $25 million for the fiscal year ending in 1955.

H. R. 9709 carries out this recommendation. It has been common knowledge that Federal civilian employees as a group are subject to the risk of unemployment on nearly the same scale as nongovernmental workers in the same type of work. In recent years, particularly, several extensive reductions in Federal personnel have demonstrated the real need for extending unemployment benefits to Federal employees. From a wartime peak of well over 3½ million employees in June 1945, Federal employment dropped by a million be-

tween 1945 and 1946, and dropped considerably more in the next few years, leveling off at about 2 million in June 1950. After a new increase due to the Korean conflict, Federal employment again fell off by 247,000 between June 1952 and December 31, 1953.

Total annual separations of Federal employees are substantial. They have approximated around one-half million each year over a period of several years. The percentage which constitutes reductions in force and termination of temporary assignments has varied from approximately 17 to 50 percent of total separations. I do believe that the Federal Government should not be in the position of providing less favorable conditions of employment than are required of private employers. Yet, since Federal employees have no unemployment-insurance protection, Federal employees have been forced to rely upon accrued annual leave and refunds from their retirement accounts while looking for other jobs. There is considerable evidence that even where this leave has been accrued, it has in most instances been inadequate to cover the duration of Federal workers' unemployment. In addition to this, it seems to me that the withdrawal of an employee's retirement-fund accumulation is undesirable and defeats the purpose of the retirement program.

A Federal worker's right to benefits will be determined under the unemployment compensation law to the State to which his Federal services and wages are assigned. Usually, this will be in the State in which the worker had his official station when he became unemployed, or if he has been in Foreign Service, the State in which he resides when he files his claim. In fairness to the Government and to the taxpayer, compensation will not be paid for the period with respect to which accrued annual leave is paid upon separation.

This law will greatly relieve the discrimination that has been practiced by the Federal Government against its Federal civilian employees. To even the casual observer, it must be apparent that the law up until this time has been geared to nongovernmental workers. The purpose of the change today is to assure all of our citizens that they will be equally covered should they be so unfortunate as to become unemployed. This is only a fair and reasonable change that is made in the law. I believe every thinking citizen will agree that this change is in the best interest of the country.

Mr. MACHROWICZ. Mr. Chairman, I regret exceedingly that the House Rules Committee, in acting on this important legislation, has seen fit to grant a closed rule, limiting debate on the Forand amendments to a mere five minutes to each side. Surely such an important matter as unemployment compensation deserves greater attention from us and members should not be precluded from fully expressing their opinions.

I am in full support of both Forand amendments. Since they embody the recommendations made by President Eisenhower, it is noteworthy that the Republican majority of the Committee on Ways and Means refused to include them in their bill. It will be interesting to note how the Republicans in the House will support by action their avowed support for the President's program.

Certainly we all agree that unemployment compensation payments are now entirely inadequate and their duration too short. The Forand amendments would increase the minimum benefit to 50 percent of the individual's weekly wages and increase the duration of the benefits to a period of 39 weeks.

My congressional district has been hit very hard by the recent recession. Despite rosy statistics, the cold facts are that the residents of my district still suffer great unemployment and the hardships that go with it as a result of inadequacies in the present laws.

We can no longer afford to ignore the plight of those thousands who have exhausted their unemployment compensation benefits. We must bring the benefits up to an amount which would enable the unemployed to live on at least a minimum fair living standard. Unless we do that, we are not keeping faith with the people of this country.

Mr. FOGARTY. Mr. Chairman, in connection with today's debate on a vital legislative proposal dealing with the question of unemployment, the shocking fact must be stressed that there is a dangerous lack of authoritative and unbiased data on the actual unemployment situation. Moreover, a well organized and systematic effort has been waged by the press and radio for months now to induce the average man to misread and misinterpret such facts as are available on the extent and the severity of the unemployment problem.

It is not my purpose today to present an analysis of the overall facts about unemployment. I shall, however, give you a crop of verifiable facts about one vitally important section of our economy about which I have necessarily been obliged to study. I refer to the current status of the textile industry. This is an industry which up until about 2 years ago employed probably more persons than any other single basic industry.

There may be some doubts about what is happening in other industries, but there can be no question about what is happening in textiles.

And if any member of this body were to seriously and with an open mind study the tragic facts about textiles, he or she would only conclude that adoption of amendments such as are proposed by Representative FORAND are absolutely and imperatively necessary and thoroughly justified.

Let me stress this simple fact at the outset of my talk. That it may be possible to hoodwink some people into believing that some industries which now are suffering from unemployment will recover quickly and substantially. That is not the case with textiles. Even if the entire economy should recover, textiles will remain depressed and thousands upon thousands of the workers who depend upon this type of manufacture for their living will still not have jobs.

Let us look at the facts.

H. R. 9430 has been introduced by Representative AIME J. FORAND and by almost 90 other Members of the House of Representatives.

I advocate passage of H. R. 9430 both as a very necessary prop for our total economy during this period of mounting unemployment and as a long-delayed measure of social justice. In addition, I would like to point out that there would be a very special value to the roughly 1 million textile workers scattered in some 30 States who have been suffering in varying degrees, depending on the particuar branch of the industry, from a steadily contracting demand for the products which their plants manufacture.

It is not appropriate in this statement to attempt to set forth in any detail the whole range of the problems of the textile industry. I shall merely refer to certain aspects of these difficulties which illustrate the need for prompt improvement both of the average amount of unemployment benefits and on increase in the number of weeks which the unemployed worker may be paid these benefits.

For instance, one important branch of the textiles is suffering critically and simultaneously from a contraction in the demand for its products plus the institution of sweeping technological changes which drastically reduce the number of employees needed to produce a given volume of goods.

Let me call the attention of the Congress to the situation in the rayon section of the textile industry.

In Cumberland, Md., there is a synthetic fiber plant which when first established probably employed a greater number of men and women in one location than any other mill of its kind in the country. Five years ago, this establishment employed a force of 8,000. Today, after new processes have been installed the plan can produce as much, if not more, than it did 5 years ago with a work force of 4,000 or half of the number employed before the most recent technical changes were made.

Textile production declined in the second quarter of 1952 to 78 percent of the first quarter's volume. Man-hours of work shrunk almost as much though employment dropped only 12 percent, since about half the adjustment came through reduction in hours. There was a pickup at the end of 1952 which touched its height in the first half of 1953, when production reached 90 percent of the first quarter of 1951. The rise in man-hours was only slightly less and employment was at about 93 percent of the 1951 level. But the recovery faltered and production declined through the last half of 1953 to 80 percent of the 1951 first quarter. By the end of 1953 employment had dropped more than total man-hours; employment was about 4 percent below the second quarter of 1952 but man-hours were about equal. The overall contraction in production, accompanied by many mill closings, has therefore begun to reflect itself sharply in complete liquidation of textile mill jobs.

Thus the textile industry was operating at a low level at a time when output in other major industries was slowed only by material shortages or other production bottlenecks. In addition, the textile industry had failed to share equally in the growth of consumer demand stemming from the high level of economic prosperity. From 1939 through 1953 our physical national product doubled and the consumer actually enjoyed 70 percent more in services and goods, but the increase in textile yardage was only about 30 percent.

While the total number of workers actually employed in the Nation rose from 45.8 million in 1939 to 62 million in 1953—an increase of 35 percent—the number actually employed in the textile industry dropped by 3 percent, with workers averaging less than 40 hours a week.

As in the 1920's, the textile industry was sick while the rest of the economy flourished. Government, management, and the public, unfortunately, remained oblivious to the fact that this was a harbinger of more far-reaching economic difficulties.

I am not trying to be an alarmist, but I think I would be shirking my responsibility if I failed to call to the attention of the Members of the House certain basic facts which should give us pause. I have always been confident of the future, but I have always been fearful that we can be so blindly confident that we shall fail to take the necessary steps to avoid a development which might well grow to the proportions of a catastrophe.

I have some pertinent statistical information which I wish you would consider. These statistics contain much food for serious thought.

COTTON HAS RECOVERED PART OF THE MARKET PREVIOUSLY LOST TO RAYON

Spinners and weavers of wool, rayon, and acetate have all suffered from the inroads of the new fibers. Although there is no assurance that they will hold their present position, they have seriously upset the industry, especially the older branches, and discouraged consumer buying. Cotton, on the other hand, has recovered part of the market it had previously lost to rayon and acetate.

Percentage distribution of fiber consumption

	1946	1950	1952
Man-made fibers:			
Rayon and acetate	13.5	19.8	18.9
Other	.9	2.1	4.0
Cotton	74.1	68.5	69.6
Wool	11.4	9.5	7.4
Silk	.1	.1	.1
Total	100.0	100.0	100.0

In addition to the displacement of natural fibers by synthetics, the textile industry has suffered from the substitution of nontextiles in various household and industrial uses. Plastic film has made major inroads in the upholstery fabric market and in automobile seat covering and door paneling. When added to the earlier displacement in window and shower curtains and tablecloths, these developments assume major importance.

WOOLEN AND WORSTEDS IN BAD SHAPE

Failure of the woolen and worsted branch of the industry to protect its competitive position stands in marked contrast to the success of the cotton interests in improving their styling, finishing, and merchandising. With Government aid in studying the properties of cotton and its potential uses, growers, and manufacturers cooperated in developing new processes and staging an effective promotion campaign. Research is needed in the wool field to improve its qualities with respect to shrinkage and mothproofing. Fabric design has lagged behind the times as domestic mills generally gave up the initiative to foreign producers. While many woolens have been styled to meet the shift in consumer preference toward casual wear worsteds have not yet been adequately adapted to this trend. Many mills are also unable to compete because of obsolete plant and equipment. The woolen and worsted industry will have to bestir itself to meet the growing challenge of the newer synthetics. Creative answers must be forthcoming to the problems posed by product design, technology, merchandising, and sales promotion.

MILL LIQUIDATIONS

The rate of mill liquidations increased substantially in the last 2 years, leaving a train of ghost towns and some 50,000 jobless workers. Management deficiencies which had been glossed over in the textile booms that followed World War II and the Korean war were glaringly exposed by intensified competition. Companies whose stockholders enjoyed a bonanza in dividends from highly profitable operations in 1946–48 and 1950–51 found that their failure to plow back sufficient funds to modernize plant and equipment left them at a serious disadvantage in 1952–53. The necessity of cutting costs posed financial problems for which they had not prepared themselves and many mills were forced out of business.

DROP IN MAN-HOURS WORKED OVER 28 PERCENT

Mr. Chairman, permit me to offer herewith a very recent statistical compilation showing levels of employment and weekly man-hours worked in 23 principal textile States. This compilation gives the figures on employment in the industry at about the high point in February 1951 as contrasted with the situation in April 1954. I can say definitely that since April the drop in employment has continued.

According to these data, there has been a reduction of employment in textiles in the United States between February 1951 and April 1954 of 21.2 percent. The drop in average weekly man-hours in that same period has been even more severe. The decline in man-hours is 28.2 percent.

Although the economic blight which has overtaken textiles is nationwide, it is painfully clear that certain geographical areas are suffering much worse than others. The fact that the drop in employment and man-hours worked in the six New England States has been so severe is no doubt due largely to the fact that so large a proportion of the woolen and worsted mills of the country are located in that region. The woolen and worsted section by and large is the most badly hit portion of the industry and the type of manufacture which has experienced the most prolonged difficulties.

In the New England States employment has dropped 39.7 percent between February 1951 and April 1954, while man-hours worked have been cut 44.2 percent.

In the 9 most important textile-producing States in the Southeast there has been an 8.5 percent drop in employment between February 1951 and April 1954, while the man-hours worked have been reduced in the same period 18.3 percent.

The table is herewith reproduced in full:

Employment and average weekly man-hours in the textile mill products industry by State, February 1951 and April 1954

State	Employment (wage and salary workers)			Average weekly man-hours		
	February 1951	April 1954	Percent change	February 1951	April 1954	Percent change
	Thousand	*Thousand*		*Thousand*	*Thousand*	
United States [1]	1,365	1,075	−21.2	55,692	39,775	−28.6
New England [2]	286.1	172.4	−39.7	10,268	5,728	−44.2
Maine	27.5	19.8	−28.0	(3)	(3)	
New Hampshire	21.1	13.8	−34.6	882	537	−39.1
Vermont	5.2	3.0	−42.3	(3)	(3)	
Massachusetts	125.0	69.8	−44.2	5,075	2,708	−46.6
Connecticut	41.6	28.0	−27.9	1,722	1,016	−41.0
Rhode Island	65.7	38.1	−42.0	2,589	1,467	−43.3
Middle Atlantic	307.2	220.1	−28.4	12,489	8,311	−33.5
New York	96.1	66.6	−30.7	3,930	2,557	−34.9
New Jersey	65.8	46.0	−30.1	2,724	1,789	−34.3
Pennsylvania	141.7	104.7	−26.1	5,668	3,853	−32.0
Delaware	3.6	2.8	−22.2	167	112	−32.9
South [4]	667.1	610.1	−8.5	26,554	21,706	−18.3
Maryland	11.6	7.2	−37.9	(3)	(3)	
Virginia	42.7	36.8	−13.8	1,738	1,240	−28.7
North Carolina	244.2	[5] 226.7	−7.2	9,841	8,207	−11.7
South Carolina	139.8	134.4	−3.9	5,816	5,174	−11.0
Georgia	114.8	104.4	−9.1	4,799	3,800	−20.8
Alabama	55.5	48.4	−12.8	2,298	1,665	−27.5
Tennessee	39.9	33.8	−15.3	1,616	1,247	−22.8
Texas	10.2	9.4	−7.8	446	373	−16.4
Louisiana	8.4	[5] 9.0	−7.1	(3)	(3)	

Footnotes at end of table.

Employment and average weekly man-hours in the textile mill products industry by State, February 1951 and April 1954—Continued

State	Employment (wage and salary workers)			Average weekly man-hours		
	February 1951	April 1954	Percent change	February 1951	April 1954	Percent change
	Thousand	*Thousand*		*Thousand*	*Thousand*	
Mid West [6]	22.1	17.7	−19.9	901	698	−22.5
Illinois	13.5	11.0	−18.5	552	435	−21.2
Minnesota	4.9	3.2	−34.7	197	123	−37.6
Missouri	3.7	[5] 3.5	−5.4	152	140	−7.9
Far West [7], California	8.2	7.2	−12.2	333	269	−19.2

[1] Data includes States now shown separately.
[2] Maine and Vermont are not included in man-hour data because they are not available.
[3] Not available.
[4] Employment and man-hour area totals are for those States for which data are available. Maryland and Louisiana, which are included in employment totals are excluded from man-hour totals because data are not available.
[5] April 1954 figures are not available. Figures shown are for March 1954.
[6] Employment and man-hour totals are for those States for which such data are available.
[7] Area totals are for California, the only Far West State which reports such data.

Source: State Departments of Labor and U. S. Bureau of Labor Statistics.

One other statistical table which I believe to be of considerable importance in this connection is one which illustrates the wide variations in the different States in the average contribution rate for unemployment insurance in the textile industry. I have used the latest data available in each case. Whereas in Rhode Island the rate was 2.7 percent, in such competing States as Alabama, Georgia, and South Carolina, average employer contribution rates were respectively 1.02 percent, 1.21 percent, and 1.23 percent in 1952:

Average contribution rates for unemployment insurance in the textile mill products industry

State	Period	Average contribution rate (contributions as a percentage of taxable wages)	Textile taxable wages as percentage of State total
Alabama	1952	1.02	11.51
Arizona	1951	2.72	.02
Colorado	1951 and 1952	1.54	.06
Connecticut	1952	2.19	4.96
Delaware	1952	.85	2.97
Florida	1951 and 1952	1.60	.06
Georgia	1952	1.21	18.90
Indiana	1951 and 1952	.73	.45
Iowa	1951 and 1952	.50	.29
Kansas	1951 and 1952	.97	.01
Kentucky	1952	1.41	.63
Maine	1952	1.91	15.18
Maryland	1951 and 1952	1.99	1.84
Massachusetts	1952	2.70	6.88
Minnesota	1952	.73	.62
Missouri	1951 and 1952	1.32	.33
New Hampshire	1953	2.38	13.59
New Jersey	1952	1.81	4.06
North Carolina	1952	1.51	33.86
Oklahoma	1951 and 1952	1.65	.36
Pennsylvania	1952	1.34	3.88
Rhode Island	1952	2.70	23.74
South Carolina	1952	1.23	38.61
Tennessee	1952	1.84	6.62
Utah	1951 and 1952	.86	.25
Vermont	1953	2.28	5.92
Virginia	1953	.96	7.31
Washington	1951 and 1952	1.63	.10

Source: U. S. Bureau of Employment Security; from table published on p. 111 of Senate Finance Committee hearings on Employment Security Administrative Financing Act, March 1954, and typewritten table dated Apr. 9, 1954.

NOTE.—The "textile mill products industry" is as defined in industry code No. 22 of the Standard Industrial Classification Code.

My purpose in presenting this table is to emphasize my point that, in an industry which is as competitive as textiles, the need for substantial standardization of taxes collected from all establishments, irrespective of location, should be very evident. Moreover, I feel strongly that the great disparity in amount benefits and duration of benefits between the textile States is socially unsound and economically harmful both locally and nationally.

THE HUMAN ASPECT

In all of the above materials dealing with broad statistical trends and the basic economic difficulties of this widespread industry, I have not mentioned the human aspect of this problem.

In Rhode Island in the past few months a well-known institution of learning has made a careful sample study as to what is happening to the men and women who were thrown on the labor market due to the closing of textile mills. The preliminary findings of this survey will be officially released in the next couple of weeks, and the facts I summarize here will be borne out by the formal report.

The investigators interviewed 131 individuals who were laid off over a year ago as a result of mill closings.

Of this number, only 29 percent have found new jobs. This investigation did not inquire into the type of employment or the rates of pay obtained by this group of workers. But from past experience in similar situations, we can be positive that most, if not all, of these workers are now employed in less desirable jobs and at a lower scale of wages than they earned when they lost out in their former place of employment.

Eighteen percent of the 131 persons in this group have retired from the labor market and are not looking for work. This does not mean that none of these individuals no longer need jobs; it simply means that they have given up the search for reemployment.

Fifty-two percent of the total are today unemployed after having been laid off for longer than 12 months.

Thirty-six percent of these 131 men and women have not been able to find a paid job of any kind for even 1 day during this period of over a year. All of the 52 percent that are still jobless are actively looking for work and have done everything possible to find jobs during all these long weary months since their plant went out of business.

What these figures mean is that a small proportion of the 52 percent that are today idle have picked up occasional jobs during the past year, but that the bulk of those who are seeking work have not earned a cent from any kind of paid employment since they were first thrown on the labor market more than 1 year ago.

DURATION OF BENEFITS MUST BE INCREASED

Surely the Members of Congress must see from these figures, which certainly apply to similar situations in other textile States, that the average duration of employment benefit payments must be increased. Maximum duration of benefits in Rhode Island is 26 weeks. Textile States elsewhere do not even pay for that number of weeks. Therefore, it is painfully evident that practically all of these 52 percent who lost their jobs have had no income whatever, except possibly from relief for a period of at least 6 months. Even assuming that some of these families had savings, it is certain that by now these accumulations have been completely exhausted.

How are these people living? Frankly, I do not know. I do not know that there is suffering and deprivation among this group despite their diligent search for work. The community suffers also from the fact that these people have no purchasing power. Moreover, friends and relatives of such individuals must be stinting themselves and possibly even going into debt to share with those who are absolutely without funds.

Results of this Rhode Island survey are in line with an earlier report along the same lines appearing in Business Week for March 6 of this year. I quote from this article:

When a New England textile mill closes its doors, what happens to the uprooted workers? That's a big question throughout New England today, and one that—so far—has never been adequately answered.

Unemployment figures tell only part of the story. That is clear in Lawrence, Mass., where many more textile jobs have been wiped out in recent years than are shown by jobless data and figures on expanded employment in other industries. What happened to the rest?

TRACKING THEM DOWN

The Bureau of Business and Economic Research of Northeastern University, in Boston, is trying to find out in a survey of displaced workers in Lawrence—part of a broad study launched about a year ago that's now beginning to show some interesting results.

Under the direction of William H. Miernyk, the bureau has so far interviewed 756 workers from 3 liquidated mills in 3 cities—a woolen mill in New Hampshire, a cotton mill in Fall River, Mass., and a cotton mill in Lowell, Mass.

THE GENERAL PICTURE

First findings, which later case studies probably will confirm, show:

Most of those laid off were still in the labor force, either employed or actively seeking employment, though a few of the displaced workers—mostly young married women or very old workers—dropped out within a year.

More men than women had been reemployed, and workers over 45 years of age were having a particularly hard time finding new jobs. Among the job seekers, 80 percent

were drawing unemployment compensation when interviewed.

Most of those with new jobs were in other textile mills, in nonmanufacturing work, or in established, relatively static nongrowth industries; comparatively few had found their way into newer, expanding growth industries—machinery, electronics, and the like.

The majority of the reemployed were earning less than before, and many had been downgraded—from skilled to semiskilled, or from semiskilled to unskilled classifications.

Most told interviewers they were unhappy in new jobs, in part because of the lower pay and rating, but also because they had lost seniority and saw little opportunity for advancement.

SHATTERED ILLUSION

According to Miernyk, these findings explode a myth that has gained currency among New England businessmen and many economists in the last few years: That growth industries, particularly electronics, have been taking up a lot of the textile slack in employment. That's not the way it looks, Miernyk says, commenting:

"In view of the recent public statements that New England will gain by the * * * diversification of industry, we feel that these findings are timely. * * * Statements by persons in important positions have created the cruel illusion that new jobs are to be provided for the displaced textile workers."

Diversification helps, but new industries evidently are filling jobs with newcomers in the labor market instead of with displaced textile workers, according to the bureau's findings. Of the first 756 workers checked, only 5 percent found jobs in growth industries.

VARIATIONS

Along with these general conclusions each of the first mills surveyed turned up some interesting sidelights.

In Lowell, younger male workers found new jobs, but those over 45 years of age still were largely unemployed after a year; women in all age groups were having a harder time getting new jobs than men were.

In New Hampshire, the woolen mill closed in a one-factory town with a population of 1,500, miles away from any fair-sized city. The mill closing idled 200 workers. A leather products firm moved into the mill building, and reemployed part of the textile jobless. But 2 years after the shutdown almost a third of the 200 laid off in the woolen mill were still out of work. For the other two-thirds, who got jobs, the average period of unemployment was about 5 months.

The picture of what is happening in the textile industry which I have given here is not a pretty one. Indeed, it is an alarming situation and one that, in the view of the workers in the industry, cannot be further ignored.

The Congress will be utterly delinquent in meeting its responsibilities, if it fails to take at least the one important step to aid unemployed workers, which is embodied in legislation being considered here today.

Mr. LESINSKI. Mr. Chairman, I will be brief on this because the Members here know how I stand. We have hundreds of thousands of jobless automobile workers, hundreds of thousands of jobless steelworkers, and millions of other jobless walking the streets of this Nation desperately looking for work.

Their unemployment compensation checks are not big enough to feed and shelter their families, and they do not last long enough to tide the workers over the period of unemployment. Therefore, they are going deep into debt and going without necessities.

I cosponsored the Forand bill to increase benefits—for example, in Michigan, from a top weekly primary benefit of $30 to about $56 for anyone earning over $112 normally and half-pay for anyone earning less than that—and to extend the period of benefits to 39 weeks. The Republicans in the Ways and Means Committee killed that bill and reported out this one which does not do a thing to raise benefits anywhere in the country. All it does is take in a few more people—and the Forand bill would have gone much further in that regard.

Now all we can do in the House is vote on two amendments which would affect us in Michigan—one amendment is to adopt the Forand bill formula on benefits. I support it. It is vital that it be adopted. I urge the Republican Members here to join us on the Democratic side in writing it into the law. The Republican President once went on record favoring this amendment. But he seems to have run out on it since then—his whole party leadership up here has tried to block it.

Unemployment, Mr. Chairman, means children without proper food or clothing; it means families going without necessities; it means evictions—getting thrown into the street.

We were supposed to have an insurance system to protect against that. But now, with a full-scale recession following the election of the first Republican administration in 20 years, we find the system is not adequate to present-day needs and requirements.

We on the Democratic side automatically react to a situation like that by trying to improve the benefits and bring them up to date to meet the present conditions. But I am afraid the Members on the Republican side seem to react automatically to a situation like that by closing their eyes and doing nothing.

Mr. COOPER. Mr. Chairman, I yield 8 minutes to the gentleman from West Virginia [Mr. BAILEY].

Mr. BAILEY. Mr. Chairman, coming from a district in the State of West Virginia that is largely industrial, and speaking for my State as a whole, it is an industrial rather than an agricultural State, I am naturally interested in the provisions of H. R. 9709 and its objectives. I had hoped that this legislation would not only broaden and extend the coverage in this field of unemployment compensation, but would also liberalize it. I fear that H. R. 9709 as presently written does little in the way of liberalizing legislation. It does broaden it by bringing under coverage employers who employ less than 8 individuals, if they are not employing less than 4. I understand that will probably bring 1.3 million additional people under coverage.

I was interested in the remarks of the gentleman from Wisconsin [Mr. BYRNES], who was opposing that provision, and I would like to say that I can see no reason why the protection accorded in the way of unemployment compensation should be any different as between employers who employ 8 people and those who employ only 4 people. I can see that many of those smaller employers might be farm people. I could readily understand that in the remarks of the gentleman from the State of Wisconsin. That is a matter where the reaction is local and does not approach it from the standpoint of national consideration.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. BYRNES of Wisconsin. My only point was that each State should be able to make that determination itself. There is nothing to prohibit a State from covering employees and employers in two-man plants, where there is just an employer and one employee. That is the only point I wanted to make. It should be a question for the States. I am not saying at all that some States should not cover, as they do today, employers of one or more employees, but it would seem to me that various areas in the country have different problems, and their State governments should be able to make that determination unrestricted by federally imposed minimums.

Mr. BAILEY. I thank the gentleman for his comments.

Mr. KEAN. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield to the gentleman from New Jersey.

Mr. KEAN. I notice in a chart in the hearings that in the gentleman's State of West Virginia they only cover employers of eight.

Mr. BAILEY. That is right.

Mr. KEAN. Your State has been under the control of your party for a great many years. Why has not the State of West Virginia gone out and covered employees of one, as most States do now?

Mr. BAILEY. Let me say to the gentleman from New Jersey that my State was one of the first States to enter the unemployment compensation field. We started off with 26 weeks at $25 a week. Our legislature some years ago changed that to 24 weeks at $30 a week, minimum payment. That is the present rate of pay.

Mr. KEAN. But you still do not cover employers of less than eight, as most of our States do. We in New Jersey are now down to 4 and a bill has passed the Assembly for 1, and I am very much in favor of 1; because a man who is the sole employee is just as much out of a job when he is unemployed as though he were 1 of 5, as the gentleman from Pennsylvania [Mr. EBERHARTER] said.

I am also in favor of the provisions that the President recommended, but I think the States should do it and I was wondering why the State of West Virginia had not done it.

Mr. BAILEY. West Virginia, Mr. Chairman, is more vitally interested in the amount of the weekly payment that is made available to the unemployed. Presently our maximum is $30. Under the proposal which will be offered by the distinguished gentleman from Rhode Island [Mr. FORAND], those weekly payments would be upped to a total of $46 as against $30 in the present payments.

Mr. FORAND. Mr. Chairman, will the gentleman yield?

Mr. BAILEY. I yield.

Mr. FORAND. Is it not a fact that one of the principal reasons why the State of West Virginia has not come down to one employee or that the benefits have not been increased or that the benefit period has not been lengthened is because of competition of other States? It is a protection seeking to protect the industry in a given State that keeps the State from broadening out whereas if we had a Federal scale under an act of Congress they all would come under it.

Mr. BAILEY. That is a fact. I appreciate the comments of the gentleman from Rhode Island. Let me say that in a State like my State of West Virginia—and it is true in many others, that there is considerable unemployment at the present time. If there is any excuse for unemployment compensation it is to stabilize the national economy—and I have to bring up a discussion of our trade policies—unemployment is down in the State of West Virginia due to the fact that 5 or 6 of our major industries are affected by foreign imports. We have some hundred thousand or more unemployed, we have 136,000 people getting Federal grants of surplus food. It is a situation in which if $46 a week were made available instead of $30 it would stabilize to a certain extent the purchasing power of those unemployed people; it would tend to make better business for the merchants and other people who are in business in that area by making more purchasing power available. We are very much in favor of the proposal that will be made by the gentleman from Rhode Island in his attempts to liberalize this bill. I regret only that he is not extending the period of weekly payments above the present 21-, 22-, 24-, or 26-week limit, as the case may be, to a greater length of time.

While it looks as though our employment situation in West Virginia is improving it is due to the fact that many unemployed have drawn all their unemployment compensation. Because of this such people are not longer carried as unemployed, although in fact they are and, the unemployment compensation payments have been reduced. But that does not account for the fact that there is still unemployment and that the unemployed have not returned to work.

I am very much interested in lengthening the number of weeks the payments may be made. That is in the bill originally introduced by the gentleman from Rhode Island and of which I am one of the co-sponsors, but it will not be in the two proposals he intends to offer today to the legislation.

I want to associate myself with the gentleman from Rhode Island, and I am sure that the Representatives from all of the States that are vitally affected, as my State of West Virginia is, are interested in bringing some relief to this serious situation.

Mr. COOPER. Mr. Chairman, I yield 7 minutes to the gentleman from Maryland [Mr. GARMATZ].

Mr. GARMATZ. Mr. Chairman, when the people of this country read in the newspapers that we are taking up and debating an unemployment compensation bill, I am sure they will be under the impression that we are actually doing something about the present inadequate benefits.

They will be in for a rude shock if they read down further in the account and see what it is we are actually taking up.

In Baltimore, as in most cities, the people generally know we are in a situation of unemployment crisis. In Baltimore, for instance, we have twice as many people on the unemployment compensation rolls in the city alone as there were last year in the whole State of Maryland. And the Baltimore Sun reported Tuesday that the number of jobs in Baltimore City fell off 2,700 more from April to May, contrary to the usual seasonal upswing.

In other words, instead of unemployment dropping in that period, as it usually does, we saw it increase.

With all of our joblessness, and idle plant capacity, and virtually closed-down shipyards and other installations, however, we in Baltimore are not as badly off as are many of the other major industrial areas of the Nation which recently went on the distressed list. So we can only imagine the extent of the crisis in cities with 6 or 12 or even a higher percentage of unemployment.

And bad as the situation is nationally, we have the forecast from the National Planning Association that if the economy continues at its present level without substantial change or improvement, we shall have anywhere from 5.5 to 6.2 million unemployed in the country by next spring.

This will mean nearly a doubling of present unemployment. And the present level of unemployment has already been described by the Chairman of the President's Council of Economic Advisers, Dr. Arthur Burns, as intolerable. It is hard to find the right adjective to describe a situation twice as bad as intolerable.

Under the circumstances, Mr. Chairman, it is obvious that the administration and the Congress should be taking powerful corrective steps. But nothing of the sort has been undertaken.

Instead, we have here a bill which purports to improve the unemployment compensation system, but an analysis of it will show that it will have practically no effect whatsoever in Maryland or in many other States.

It would cover in under the unemployment compensation program workers in businesses employing four or more persons. In Maryland, and in many other States, we already do at least that well—in Maryland we cover in all employees otherwise eligible, regardless of the number their employer has on the payroll. So that will have no effect in Maryland.

The bill will also cover in Federal employees. That is an improvement I heartily support and which I urged upon the Ways and Means Committee in my testimony on this matter last month. But the bill as it has been reported—and under the rule it cannot be amended from the floor in this particular—specifies that unemployment compensation cannot be paid to jobless Federal employees until after next December 31. I trust that most of the slashing of Federal agencies has already taken place and that most of the employees slated to lose their jobs have already done so by now, so that this, too, would have no effect right now and probably very little effect after January 1.

Otherwise, the bill does nothing for any worker in Maryland. It does not raise benefits for a single unemployed worker. It does not increase the period of benefits.

So I would describe this bill, Mr. Chairman, as a garden hose to use on a three-alarm fire. The unemployment situation is dangerously acute; yet this bill is of no significant value in combating it or in alleviating the hardships of unemployment.

The Republican leadership here in the House must be painfully aware of the pitiful limitations of this measure to have brought it up here under the circumstances it provided for House debate. We have in effect a gag rule—no amendments except two intended to be offered for the Democrats by the gentleman from Rhode Island, Representative FORAND. One would extend the maximum period of benefits to 26 weeks—which is what we already have in Maryland. The other would increase maximum benefits to one-half a worker's regular pay, up to a limit of two-thirds of a State's average weekly wage. In Maryland, this would mean an increase in the top basic benefit of about $11 a week—from $30 to about $41.

Only the second amendment would help unemployed Marylanders. I shall, of course, support both amendments, because I believe all States should be brought up to at least the 26-week standard. I would like to go further and see the maximum period increased to 39 weeks.

That was one of the many additional improvements proposed in the Forand bill, which I and more than four-score other House Democrats joined in cosponsoring. But under the rule imposed upon us for consideration of this bill we cannot even propose that amendment from the floor.

I object to this kind of gag rule on so important a legislative issue, affecting so many American workers. It is unfortunate that the Republican leadership has imposed such a gag, but as I said, it is understandable. To open up this bill to general amendment from the floor would expose its weaknesses and limitations and show up the inadequacy of the administration's approach to the unemployment problem.

There is nothing dynamic about this bill. It is a bust.

[From the Baltimore Sun of July 4, 1954]

JOBLESS IN UNITED STATES SEEN DOUBLING BY NEXT YEAR—PLANNING GROUP URGES GOVERNMENT TO ACT TO END INEXCUSABLE IDLENESS IN NATION

WASHINGTON, July 3.—The National Planning Association said today unemployment will nearly double over the next year at the present rate of economic activity. It urged the Government to consider action to end

inexcusable idleness of part of the Nation's gigantic production machine.

The report said that if the economy runs along over the next 12 months at about the present pace of $25 billion gap will develop between national production and the level of production that would provide fuii employment.

CONGRESS COULD BE CALLED

The study group, a private association of businessmen, labor union leaders, economists, and bankers, said it assumes the administration is now reexamining defense needs.

"If this reexamination shows (as we anticipate)," the association said, "that national security calls for bigger defense spending, a special session of Congress in the fall could consider legislative authorizations and supplemental appropriations for the additional measures."

If the administration decides there is no urgent need for stepped-up defense spending, the group said, "then measures should be considered to promote expansion" of the economy to "full employment" levels.

SIGNERS ARE NAMED

The report was entitled "Opportunities for Economic Expansion." It was signed by international banker, H. Christian Sonne, chairman of NPA's steering committee and chairman of the board of Amsinck, Sonne & Co.; and by the 10 other members of the steering committee. These included Frank Altschul, chairman of the board of General American Investors Co.; Soloman Barkin, director of research of the Textile Workers Union of America; Clinton S. Golden, executive director of the trade-union program at Harvard University; marketing adviser, Elmo Roper; and New York businessman-economist, Beardsley Ruml, author of the pay-as-you-earn income-tax collection plan now in use. Another signer was Gerard Coim, economist for NPA.

Administration economic advisers asked for comment on the report made no response.

The NPA, which periodically brings out studies on the national economy, based its current report on the assertion that "it is certain we do not have 'maximum employment, production, and purchasing power,' stated as an objective of United States policy in the Employment Act of 1946."

"Involuntary total or partial idleness of a substantial number of workers and underutilization of productive capacity," the report said, "are inexcusable in a perilous world situation."

SEVENTEEN-BILLION-DOLLAR GAP

NPA said that the business downturn which started last midyear—which NPA said has apparently run its course—reduced the Nation's total annual production of goods and services from the $367 billion of 1953 to a rate of $358 billion in the first quarter of this year. The $367 billion gross national production of last year, NPA said, was the full-employment level for the Nation's labor resources at that time. But population growth and increased use of more productive machinery raised the full-employment level by the first quarter of this year to an annual national production rate of $375 billion, NPA said.

That left a $17 billion gap in January, February, and March, the report said, between what the Nation was producing and what it should produce to utilize its labor resources fully.

NPA calculated that at the present rate of increase in economic activity, national production in the first quarter of next year would be at an annual rate of about $360 billion. The full employment level of economic activity by then, the committee said, would be $385 billion, leaving a $25 billion gap.

Virtually standing still economically, the committee said, would boost unemployment next year from the 3,305,000, or about 5 percent of the labor force, to about 8 or 9 percent of the labor force. Coim told a news conference on the report that an addition of about 1 million to the iabor force could be expected during the year. The committee was, therefore, estimating that, if the economy remains at virtually the present level over the next 12 months, unemployment would rise by next spring to between 5,500,000 and 6,200,000.

The committee attributed the recent recession to the failure of private demand to rise in accord with the rise in productive capacity at a time when Government spending and business spending for expansion began to level off.

The committee pronounced itself unfit to pass on defense needs or national strategy. But, it said, unless four questions it posed could all be answered "yes" it felt security outlays should be stepped up. And, the committee said, "with actual production running about $15 billion below capacity and with some idle resources in men, plants, and materials, it simply makes no sense to contend that national defense programs must be reduced for economic reasons."

Administration spokesmen say frequently that they are trying to reduce defense spending to avoid putting an undue strain on the economy.

(Mr. GARMATZ asked and was given permission to revise and extend his remarks and include an article.)

Mr. REED of New New York. Mr. Chairman, I yield 4 minutes to the gentleman from Kansas [Mr. REES].

Mr. REES of Kansas. Mr. Chairman, I take this time, if I may, to propound 2 or 3 questions in respect to this proposed legislation, particularly with regard to the Federal employees. As I understand this legislation, you are putting about 2.5 million Government employees under this law that have never been covered before. Is that correct?

Mr. REED of New York. That is correct.

Mr. REES of Kansas. What are we going to do with Federal employees who work for short periods of time? Suppose someone is employed in my office or anywhere else in the Federal Government and works for 2 or 3 or 4 up to 6 months. Does he come under this law and does he get any benefits under it?

Mr. REED of New York. If he is out of employment.

Mr. REES of Kansas. How do you figure out how much you are going to pay him?

Mr. REED of New York. Well, it is covered by the State law. Under the bill the Federal workers' benefits are determined under the unemployment-compensation law of the State where they were last employed.

Mr. REES of Kansas. In other words, if someone who comes from the State of Ohio works for me in my office and becomes unemployed, what becomes of him?

Mr. REED of New York. The bill does not apply to elective legislative officers.

Mr. REES of Kansas. If a person who worked for the War Department, who came from Ohio, became unemployed, he would possibly then get different compensation than if he came from New York; is that right?

Mr. REED of New York. No. That would be based on the law of the District of Columbia.

Mr. REES of Kansas. Because he was employed in the District of Columbia?

Mr. REED of New York. That is right.

Mr. REES of Kansas. Even though he worked for the Federal Government?

Mr. REED of New York. That is right.

Mr. REES of Kansas. The fact that he worked in the District of Columbia determines the question of compensation that he gets?

Mr. REED of New York. That is the criterion.

Mr. BYRNES of Wisconsin. Mr. Chairman, if the gentleman will yield, I think it might be made clear to the gentleman from Kansas that it depends on where the Federal employee is working. The employee that came from Kansas, let us say, and worked for the Federal Government here in Washington would be paid on the basis of the District of Columbia unemployment compensation law, but if that same employee went from Kansas to Wisconsin and was employed in Wisconsin, let us say, in the Veterans' Administration office there and then became unemployed, he would get his unemployment compensation on the basis of the Wisconsin law.

Mr. REES of Kansas. As I understand the chairman of the committee, then, a person who works in a congressional office or legislative office is not included under this act. Is that right?

Mr. REED of New York. He is included unless he is an elected official.

Mr. REES of Kansas. Are there other exceptions for Federal employees?

Mr. REED of New York. There are minor exceptions.

Mr. REES of Kansas. Otherwise, they are all included?

Mr. REED of New York. Yes.

Mr. REES of Kansas. The 2.5 million Government employees?

Mr. REED of New York. Yes.

Mr. REES of Kansas. Wherever they are?

Mr. REED of New York. Yes.

Mr. REES of Kansas. Whether in the United States or in foreign countries as well?

Mr. REED of New York. That is right but the worker cannot file for benefits unless he is in the United States.

Mr. Chairman, we have no more requests for time.

Mr. COOPER. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. RABAUT].

Mr. RABAUT. Mr. Chairman, I take this time to make it known that I am in favor of the amendments to be offered by the gentleman from Rhode Island [Mr. FORAND]. I understand that the first amendment is to fix nationwide the benefits to be paid the unemployed; the maximum to be 66⅔ percent of the State average weekly wage and the minimum not less than 50 percent of the individual worker's weekly wage. The second amendment is to fix the duration of benefits at 26 weeks.

There is nothing new in these amendments of the gentleman from Rhode Island [Mr. FORAND], so far as the admin-

istration is concerned, because we had it on the President's own testimony, in the Economic Report, where it says:

> Unemployment insurance is a valuable first line of defense against recession. * * * But even as a first defense, the system needs reinforcement.

Among specific proposals, under "Benefits" it says further:

> It is suggested that the States raise these dollar maximums so that the payments to the great majority of the beneficiaries may equal at least half their regular earnings.

Further, as to "Duration," it specifies 26 weeks.

The Secretary of Labor in the Republican administration, Mr. Mitchell, in his letter to the State Governors under date of February 16, said, on the subject of benefits:

> At its most recent meeting in January the Federal Advisory Council on Employment Security took action supporting the President's recommendations on improving weekly benefits. The Council recommended that in each State, the maximum weekly benefit amount should be equal to at least 60 to 67 percent of the State's average weekly wage.

With reference to duration he recommended the same period, 26 weeks.

The Assistant Secretary of Labor, Mr. Ciciliano, in a letter to the heads of the State unemployment compensation agencies, dated February 16, said:

> As also pointed out in the letter to your Governor a recent recommendation of the Federal Advisory Council, in line with the President's Economic Report, suggests as a ceiling on weekly benefits that weekly maximums be equal to 60 to 67 percent of the State's average weekly wage.

As to the matter of duration, he makes the same recommendation, 26 weeks.

When the President was asked what he intended to do about advising the governors in the matter of calling the State legislatures into session to implement his own recommended program, he said that he had no intention to urge them. He said he did not think he would do it. Now he is going to meet with the governors in July. He made this statement in his press release, I think it was on June 16. Now the country has an announcement from the first industry in the United States of America, the automobile industry, that in the second half of this year they intend to cut production, that production is going to be cut, it is understood, 33⅓ percent. If that takes place, and I want my colleagues from Michigan on the Republican side to listen to me, it is going to put on the unemployment rolls in Michigan alone 300,000 people. It is well enough for the people here in the House to say this is a State problem. We had a governor that grabbed the ball with the President of the United States, and he is a Democratic governor, G. Mennen Williams, in the State of Michigan, and he went down the field for a goal. But when the Republican legislature of our State acted they used an eyedropper when it came to putting some more funds in the compensation bill. A $3 increase, that is what they gave. Three dollars in a man's family life in the economy of today is something that does not need much explanation to anybody in this House who deals with he money problems of this country.

The legislatures of several States have met, but only three have acted—Virginia, California, and Michigan. Michigan has done the best by her unemployed, but it was not enough. We have the record—in my own State—providing a 26-week period—but there is a jigger in it—requiring that work be performed for 39 weeks in the current year. I do not know how they are figuring the short week period in that 39 weeks for several of the big industries of Michigan are on a 3-day short week.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. I noticed an item in one of the newspapers in Washington yesterday where a survey was made of the dealers in the automobile industry throughout the country and it was the consensus that the dealers recommended to the producers a further reduction in the production of automobiles; so evidently the dealers are overstocked now with too great an inventory, so we can look for further reductions.

Mr. RABAUT. I thank the gentleman for bringing that to my attention. Auto production in the second half of the year will be at least 33⅓ percent below the present rate. The new-car inventory was 638,000 as of May 31 comparted to 430,000 as of the same date in 1953.

Do the Members of this House who are going out in the fall to give an accounting of their stewardship intend to use the television so they will be away from the voters while they make their appeal, or do they intend to dress themselves up with a mask and a chest protector of a baseball outfit to walk among the people? This is going to be serious. The automobile business is the largest business in this country. Mr. Fairless and Mr. Grace, of the steel industry, say that they are optimistic, that the 72 percent production of today will continue. How is it going to continue with this fall-off that was announced by the automobile industry, the cutback of 33⅓ percent? The auto industry is the best steel customer in the United States of America and no one denies that.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. RABAUT. I yield.

Mr. EBERHARTER. I remarked before that today steel production is only 59 percent of capacity. A few years ago is was 100 percent production.

Mr. RABAUT. You know we get these figures. They are handed to us and we are supposed to take them. We take them for what they are worth, but the figure was given to me that steel production is running 72 percent of capacity. If it is lower than that, the result is going to be worse.

Do not think when I speak to you, ladies and gentlemen of the House, that I am addressing only the people in Michigan. The automobile has affected every section of America. It is important to your district. You know it as well as I do. It is time we did something here until these State legislatures act. It is time we took charge of the situation. It has been recommended by a Republican President. It has been written about by a Republican Secretary of Labor. It has been encouraged to the State unemployment compensation agencies by the Assistant Secretary of Labor. Why should we not do something about it? We ought to get behind this Forand amendment; and if you do, you will be assisting the unemployed and benefiting the economy of our Nation.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. SMITH].

Mr. SMITH of Virginia. Mr. Chairman, if I may have the attention of the gentleman from New York [Mr. REED]: in the colloquy which the gentleman recently had with the gentleman from Kansas [Mr. REES] I understood the gentleman from New York to state that the employees in the legislative branch of the Government were not included. I wonder if that was an inadvertent statement.

Mr. REED of New York. That was an inadvertent statement. Legislative employees are covered by the bill. The exclusion which I had reference to is as to elected officials.

Mr. SMITH of Virginia. Then the employees in the legislative branch are included under the bill? I wonder if the gentleman would know how long they have to be in the employ of the Federal Government before they become eligible under the terms of the bill?

Mr. REED of New York. That depends on the State law.

Mr. SMITH of Virginia. And as to those who are residents of the District of Columbia, it would depend upon the law of the District of Columbia?

Mr. REED of New York. That is right.

Mr. SMITH of Virginia. I thank the gentleman.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. RHODES].

Mr. RHODES of Pennsylvania. Mr. Chairman, the district I represent includes the city of Reading and the county of Berks in Pennsylvania. It is an industrial area with a diversified economy, but with its base in manufacturing. It has been badly hit by a decline in defense contracts, and by the general slump in fabricating industries which the whole country is experiencing.

Mr. Chairman, a year ago my district was still economically healthy. Some industries were experiencing economic hardship, but employment was high. In this past year there has been a drop in factory employment of 10 percent. The worst information that can come to a district like mine is that the United States Department of Labor has declared it a so-called group IV area. Reading was classified group IV in May. The designation "group IV" means that over 7 percent of the total nonagricultural work force is out of jobs and looking for work. It signifies an area of substantial labor surplus. The Department of Labor

has no classification which signifies greater hardship.

These are more than mere statistics. Behind the figures are thousands of families whose income has been cut by two-thirds or three-fourths or more. They represent husbands and wives and children who do not know whether they can meet the next rent payment, who know that if illness strikes, they cannot meet their medical expenses. The number of families who have been forced to go on relief has increased, and as those in this Chamber know, relief payments are far below the minimum requirements for a reasonable standard of living.

The fall in the purchasing power of these people will be felt far beyond their own doorsteps, Mr. Chairman. The fact that these people do not have money with which to buy the things they need will inevitably affect the small-business men and farmers of the community. Then, it will further affect the adverse employment situation in industries manufacturing semidurable and durable goods.

It is essential for the economic well-being of my district, as well as for the whole country, that improvement be made in the unemployment insurance benefits available to unemployed persons. There is nothing in the bill before us which would meet this urgent need. The amendments to be offered later today by the gentleman from Rhode Island [Mr. FORAND] would raise maximum primary benefits in Pennsylvania from $30 a week to $44 a week. This is a small enough benefit for a man who has to live, who wants to work, but who cannot work because no jobs are available. Mr. Chairman, I shall support the Forand amendments.

Mr. BYRNE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. RHODES of Pennsylvania. I yield.

Mr. BYRNE of Pennsylvania. The gentleman is aware that the State Unemployment Compensation Commission in Pennsylvania has issued an order, just last week, that they were going to cut the relief from 26 weeks to 20 weeks, and the payments from $30 to $20. This amendment to be offered by Mr. FORAND will take care of that, will it not?

Mr. RHODES of Pennsylvania. It certainly will.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. EBERHARTER. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. MILLER].

Mr. MILLER of Kansas. Mr. Chairman, I come from a district and a State that will not be so greatly concerned at the present time with the provisions of this bill. But as I have listened to the arguments it occurred to me that we are doing nothing in the way of prevention. When some years ago it was permissible to mention China without any apologies, we heard that over there they had nothing but preventive medicine. They hired physicians to keep them well rather than to make them well. I am wondering whether our economic situation does not need some preventive medicine rather than curative medicine, such as we are discussing today.

There seems to be at the present time considerable unemployment, and there seems to be fear that it will become worse. In this Nation where there is so much to do, it seems this Congress is taking the attitude that all we can do when a man is out of a job is to pay him until he can find a job of similar kind in similar employment. That is all we can do about it.

I would like to ask the chairman of the committee, the gentleman from New York [Mr. REED], if this bill contains any provision by which pains are taken to find jobs for these men rather than simply to pay them while they are out of work?

Mr. REED of New York. Let me tell you something that I would like you to relay to your people and tell everybody: We have just sent a bill to conference which, if it is passed, will greatly increase employment throughout the country, and that is the bill H. R. 8300. Many telegrams and telephone calls are coming in to the office, the effect of which is that as soon as the House bill H. R. 8300 is passed we will put 10,000 people to work. That is something that will help labor. It is not in this bill; it is in that bill.

Mr. MILLER of Kansas. I thank the gentleman very much. I do not know what the nature of that bill is, but I have in mind personally some things that could be done. Not too many days ago we passed a bill through this House appropriating a good many hundreds of millions of dollars for soil conservation and flood control, but we made very little provision for implementing such programs. That is the most important legislation that could possibly be before this House with the exception of immediate national defense.

I introduced a bill into this body when I first came here over a year ago requesting that this House create a commission under the direction of the President to study and provide a program of soil conservation so that at any time we have slack employment there will be a place to put these men to work where they will be doing something for the good of the country for all time.

I thank the Members for the attention you have given me and I hope that what I have said here will remain in the minds of the present Congress, for I do assure you that we are rapidly losing the best soil that we have in this country—400,000 acres destroyed every year—enough to feed 150,000 people.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from New Jersey [Mr. HOWELL].

Mr. HOWELL. Mr. Chairman, unless we adopt the Forand amendment to increase the maximum benefit payments under unemployment compensation, this bill before us today will not mean a thing in New Jersey, except to those Federal employees who lose their jobs after next January. Otherwise, the bill is a zero. It proclaims as its purpose the revising of the unemployment-compensation laws, but it would do so by completely ignoring the unemployed and the problems of the unemployed.

Its effect will be exactly the same as in New Jersey—zero—in Arizona, Arkansas, California, Connecticut, Delaware, the District of Columbia, Alaska, Hawaii, Idaho, Kentucky, Louisiana, Maryland, Massachusetts, Minnesota, Montana, Nevada, New Hampshire, New Mexico, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Utah, Washington, and Wyoming.

In other words, in half of the States and in the District, Alaska, and Hawaii, it will have absolutely no effect whatsoever. And in other States it will have a very minor effect by bringing in under unemployment compensation employees in businesses employing 4 to 8 workers.

I very much favor covering Federal employees under the program, and I also favor covering in workers in small business, but I would be ashamed to vote for such a bill as this under any impression it is a bill to help the unemployed.

What we need, of course, in a situation such as we face today in our industrial centers is a bill like the Forand bill, which more than 80 of us on the Democratic side joined in introducing. This bill was completely ignored by the Ways and Means Committee which voted out instead on strict party lines the inadequate Reed bill now before us.

The Forand bill would have done the following:

First, it would have increased the maximum period of benefits to 39 weeks instead of the present hit-and-miss programs of the individual States ranging from 16 to 26 weeks.

Second, it would have covered-in the workers of even the smallest businesses employing one or more people.

Third, it would have increased benefits to a maximum of one-half a worker's regular wage up to a top of two-thirds of the average weekly wage in his State. In New Jersey, for instance, this would have meant a top benefit of $50 a week for those normally earning $100 a week or more, and half-pay for every unemployed worker whose normal wage was less than $100. Our present maximum is only $30.

While we are prevented under the rule laid down by the House Rules Committee from submitting the Forand bill as a substitute for this inadequate measure before us, we are permitted to submit two specific amendments, and I shall support both of them.

One would increase the maximum duration of benefits to 26 weeks in those States which do not already have such a period of benefits. This would bring other States at least up to the present New Jersey standard.

Why the administration did not propose this itself in the Reed bill, I do not and cannot understand. But it has failed to do so and the Republicans on the Ways and Means Committee refused to agree to it in committee, and so the only way we can get even that modest improvement into the bill is through a Democratic amendment from the floor.

The same situation obtains with the second amendment we are to be permitted to make. That one incorporates the benefit provisions of the original Forand bill, establishing a maximum of half-pay up to two-thirds of the average weekly wage in a particular State.

Here again, as in the case of the amendment dealing with the duration of

benefits, we on the Democratic side are trying to write into the law a provision President Eisenhower has personally endorsed—but he insists it be left up to the individual States. The formula on benefits laid down in the Forand amendment is exactly the same as the one President Eisenhower's Secretary of Labor recommended to the States for adoption. Not a single State has adopted it, however, and so no good has come of it and no good can come of it unless the Democrats write it into this bill today, as we intend to try to do.

It is indeed a sorry situation, Mr. Chairman, that the only way the President's legislative recommendations appear able to get into law is if the minority party in the Congress seizes the initiative and writes them into law. And it is an even sorrier situation that when we try to do so, we usually have to fight most of the members of the President's own party and his Cabinet advisers as well. In this instance, we even have to fight the President himself in order to try to write into law a provision he supposedly endorses wholeheartedly. Certainly if he recommended that the States adopt the half-pay formula on unemployment compensation, he must believe in it. Then why has he failed to back us up in getting it into the basic Federal law?

The only answer I can surmise to that question is that lets his good intentions be sidetracked by the die-hard reaction so rampant in his own party here in the Congress. Time after time last year and this year he has backed down from his own legislative recommendations when the Republican leadership in the Congress said "boo" and made faces about them.

So in this instance, as in many more which have occurred these past 2 years, we on the Democratic side have found ourselves fighting the President's own party in behalf of things the President himself presumably wants.

If he really wanted them, I believe he would put up more of a fight himself to get them. We can surmise, then, that his support for these measures is lukewarm and casual. But I can't be lukewarm and casual about this situation when we have mass unemployment in New Jersey and a steadily increasing downward trend in our important manufacturing industries. The latest figures I have received show that while total nonagricultural employment in New Jersey is down only 3.7 percent from a year ago, in manufacturing it is down nearly 10 percent and in durable goods manufactures it is even worse—down 11½ percent. Furniture production employment is down 18½ percent, aircraft employment down 21.7 percent, transportation equipment employment down 15 percent, and so on.

Hardest hit of all is employment in some branches of the apparel industry, with jobs down 28.4 percent from a year ago.

These are startling statistics, Mr. Chairman, and indicative of the vast economic dislocation in my State and in most of the other industrial States of the Nation.

In view of the great unemployment and the sadly inadequate unemployment compensation benefits now available to the jobless, it is vital not only to the unemployed themselves but to our national economy and well-being to provide more decent benefits to these people so that they can buy the necessities of life without going on relief.

It is tragic that the administration would not get behind its own proposals made to the States and help us to draft more adequate Federal unemployment compensation standards. It is a shame that we are considering today not the Forand bill but a meaningless thing with no substance to it.

Let us salvage at least something out of this mess by approving the Forand amendment to increase benefits in a realistic manner—an amendment which would have the effect of lifting unemployment compensation benefits in every State in the Union.

The times are much too serious for half-hearted half measures which do very little good for an infinitesimal number of unemployed workers, and nothing whatsoever for the great bulk of them.

Mr. COOPER. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. WIER].

Mr. WIER. Mr. Chairman, I wish to take this means to advise the Members of the House that I too favor and intend to support not only this amendment offered by the gentleman from Rhode Island [Mr. FORAND] but likewise I intend to support a second amendment to be offered by Congressman FORAND to this unemployment compensation bill, recently reported out of the Ways and Means Committee and now before the House for sadly needed improvement, some of which the committee failed to heed and apply to the legislation now before us.

It should hardly be necessary for me to stand here today and express or tell you, after our recent and present threat and experience, that unemployment is not at this time an idle threat that should or could be brushed aside or postponed until tomorrow. It is very positive even today in what can happen to our faltering economy.

Approximately 8.5 percent of the labor force is now out of work. This is a real and present danger. The American Trade Union movement asks that Congress amend the Social Security Act, to do a better job of taking care of the unemployed as follows:

First. Benefits: The maximum primary benefits payable under State laws should not be less than two-thirds of the average weekly wage of covered employment within the State. Each individual's primary benefit shall not be less than two-thirds of his average weekly earnings.

Second. Duration: Benefits shall be payable to all eligible unemployed persons for a period of not less than 26 weeks.

Third. Disqualifications: The States should be required to limit their disqualifying provisions to those actually designed to prevent payment of benefits to any workers who are not genuinely involuntarily unemployed. The period of disqualification should be limited to such duration as corresponds to the period of time during which the individual's unemployment can properly be considered a result of his disqualifying act. The AFL suggests that 4 weeks represents a realistic period.

Fourth. Coverage should be made coextensive with the coverage of the Federal old-age and survivors' program. In addition, protection should immediately be extended to the employees of the Federal Government.

The act should further be amended to provide means which would permit States to provide for uniform rate reductions to all employers, as well as individual experience-rated reductions.

The basic changes recommended by the AFL were in the bill introduced by Representative Aime J. Forand and some 80 co-sponsors in the House and Senate.

The AFL supports this measure as offering by far the most genuinely constructive approach to the problems of developing an adequate defense against unemployment that has been put before this Congress.

I earnestly urge this committee to approach this serious problem of unemployment in the bold, constructive, and comprehensive manner indicated by H. R. 9430.

(Mr. WIER asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I ask unanimous consent that all Members may have permission to revise and extend their remarks on the pending bill.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentelman from California [Mr. SHELLEY].

[Mr. SHELLEY addressed the Committee. His remarks will appear hereafter in the Appendix.]

(Mr. SHELLEY asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Minnesota [Mr. BLATNIK].

Mr. BLATNIK. Mr. Chairman, I wish to express my frank opinion on the bill now under consideration—H. R. 9709—to change the Federal-State unemployment insurance system. In my estimation this bill is somewhat of a phoney—on one hand it extends unemployment compensation benefits to possibly as many as 4 million employees not now covered, but on the other hand it does absolutely nothing to increase the now inadequate unemployment compensation benefits to those already covered.

If the majority leaders were really interested in passing a sound unemployment compensation bill, they would have reported out H. R. 9430, a bill introduced by the gentleman from Rhode Island [Mr. FORAND], 85 other Congressmen, including myself, the first week in June.

It is my hope that the House will substitute the language of H. R. 9430 for

that of H. R. 9709 and pass the bill as amended. Anyone familiar with the facts of life as they relate to unemployment compensation must recognize that the provisions of the Forand bill offer logical solutions to repair the basic weaknesses of the present unemployment insurance system. What does the Forand bill propose? I will enumerate. Firstly, the Forand bill would extend the maximum duration of benefit payments under the unemployment insurance system to 39 weeks as against 26 weeks in about half the States today. Secondly, the Forand bill provides that the maximum primary benefit payable under State laws to unemployed workers shall be not less than two-thirds of the State's average weekly wage—this would mean a substantial increase over benefits payable under existing law; and finally, the Forand bill would extend the coverage of unemployed compensation to nearly every employee in America. In short, Mr. Chairman, the Forand bill proposes to extend the period during which unemployment compensation is payable, to substantially increase the amount of benefits payable, and to extend the coverage of the Federal-State unemployment system to virtually every worker in America.

Compared with the Forand bill, the majority bill which we are now debating is a sorry piece of legislation. As I said before, all it does is extend coverage to less than 4 million more workers and does nothing about the period of payments or the amount.

This is a typical piece of Republican legislation. The majority leadership does a great deal of talking about the legislation they are going to pass and have passed, but when we examine the record we find that there has been much noise, but little substance to their legislative program. As I said before, H. R. 9709 is pretty much of a phoney—it is being proposed to give the majority party something to talk about during a campaign year and to fool the people into believing that they are getting something in the way of unemployment compensation when the facts show otherwise.

Mr. Chairman, the purpose of unemployment compensation is twofold. First, it has humanitarian objectives in that it protects those who are unfortunate enough to become unemployed in times of recession, and two, it is a practical economic program of distributing needed purchasing power to offset recessionmaking trends.

May I suggest to my friends on both sides of the aisle that there is no better time than now to enact a sound unemployment compensation to give a measure of security to every American worker. It is no secret that there are over 3 million workers now completely unemployed and another 1½ million or 2 million partly unemployed. Moreover, responsible economists are today saying that unless the present economic trends are reversed, we may have as many as 5 million fully unemployed by fall and another 3 million partly unemployed.

Since we are faced with this problem of such magnitude, you would think that the Congress would waste no time in adopting the Forand bill, but in its usual stumble, fumble, stumble approach the majority party comes forward with this so-called unemployment compensation bill which does nothing to repair the basic weaknesses or meet the most pressing needs of the unemployment insurance system. H. R. 9709 does not represent an unemployment compensation program, but is the smokescreen to cover the lack of a program and the failure of the Republican Party in the field of sound legislation.

It is my sincere hope that the House will substitute the Forand bill for H. R. 9709 and thus give the Federal Government an effective weapon against rising unemployment.

However, important though this issue of unemployment compensation may be, at the best it is only a stopgap measure providing on a very short-term basis a bare minimum of income to sustain the unemployed worker and his family. But looming beyond and far above this is the basic problem of the whole overall economic picture, and my good friend and distinguished colleague from Kansas [Mr. MILLER] focused attention to the crux of the whole matter a few minutes ago when he pointed out that the responsibility which is ours lies far beyond merely providing unemployed compensation, the big challenge is what action should we take to provide employment for all willing and able to work. I think it of the utmost importance that before this Congress adjourns it discuss and debate fully the entire economic picture so we and the country will know exactly what predicament we are in. The distinguished gentleman from Baltimore, and my very good personal friend [Mr. GARMATZ], made reference to the story carried in last Sunday's Baltimore Sun, on July 4, about the report made by the National Planning Association—a research and economic survey group composed of prominent and reliable businessmen, labor researchers, and economic statisticians and fiscal experts. The report forewarns of a much more serious unemployment situation for next year with as high as 5 to 6 million expected to be unemployed. Even though the present levels of economic activity maintain, just the normal increase in population and increase in productivity in industry will result in that employment. The economic health of our country is everything, not only for our improved well-being at home, but to enable us to carry out our responsibilities of world leadership in this trying time. Yet I must confess, I am deeply disturbed that so little time has been given to a complete and full discussion of our true economic picture—a sort of economic diagnosis—to be then followed by a remedial series of steps not only to avoid a serious economic setback, but to further improve our entire economic structure.

(Mr. BLATNIK asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. MILLER].

Mr. MILLER of California. Mr. Chairman, as cosponsor of the Forand bill, H. R. 9430, I shall support the efforts of the gentleman from Rhode Island [Mr. FORAND] to include the provisions of that bill in this one. I believe it will go far to make it a better bill.

Unemployment insurance not only helps the recipient but it also helps the community merchant. The traditional butcher, baker and, in lieu of the candlestick maker, the public utility company that sells gas and electricity.

Insurance coverage should be extended to cover all employed and self-employed people.

If it is good for one segment of society, it is good for all.

I am happy that this bill extends coverage, particularly those who work for the Federal Government.

Extension and liberalization of this phase of our social-security system is highly desirable at this time when tremors, that could forewarn of a catastrophic wave of unemployment are being felt. It will cushion the shock if it comes.

(Mr. MILLER of California asked and was given permission to revise and extend his remarks.)

Mr. COOPER. Mr. Chairman, I yield such time as he may desire to the gentleman from Pennsylvania [Mr. GREEN].

Mr. GREEN. Mr. Chairman, as one of the cosponsors of the Forand amendments I certainly shall support them and hope that they will be included in the pending bill.

When President Eisenhower spoke of bright spots in the economy, he must have been wearing his rose-colored specs. He certainly was not looking at the Philadelphia metropolitan labor area.

That is the area comprising Bucks, Chester, Delaware, Montgomery, and Philadelphia Counties in Pennsylvania, and Burlington, Camden, and Gloucester Counties across the river in New Jersey.

Unemployment in the Philadelphia area has gone up 110½ percent between March 1953 and March 1954. In March 1953 we had 54,700 jobless. By March 1954 the figure was 115,000.

In Philadelphia County alone, unemployment compensation claims jumped 175 percent between April 1953 and April 1954. The 1953 figure was 19,000 and the 1954 figure was 52,400.

Shipbuilding along the Delaware is at a standstill. In that industry, workers have exhausted their unemployment compensation benefits, and I am informed that most of them are on relief.

Employment in the nonferrous plants is down 50 percent from 1953 peaks. Federated Metals, a division of American Smelting, is a good example. From its normal force of 125 it is now down to 30, and the prospect is of a complete shutdown by June or July.

Employment in the transportation equipment field is off by 22 percent as a whole. At the Budd plant, where 10,000 were employed 2 years ago, only 4,900 are at work now, and more than 750 Budd workers are on relief. ACF-Brill had 1,800 workers 2 years ago, has only 800 now.

In textiles, employment is down by 18½ percent. Within the year Delta Finishing Co. closed down, making 600 jobless. Walther shut, with a loss of 250 jobs. The closing of Collins Aikman meant 2,000 jobs, and at Keystone Worsted 100 lost their jobs. In hosiery the drop has been 35 percent. The closing of Apex Hosiery alone cost 700 people their livelihood. Surpass Leather closing put 700 more out of work, not to mention the layoffs in the Frankford Arsenal as a result of stupid planning by the Defense Department.

The electrical industry has been hard hit. Between May 1953 and May 1954 employment at Electric Storage Battery has dropped from 2,600 to 1,300, and those remaining are working a 35-hour week. At Philadelphia Insulated Wire, the drop has been 41 percent; at International Resistance, plant relocation has brought a drop from 1,400 jobs to 450. At Philco the work force of 8,000 has been cut to 6,000, a drop of 25 percent. At Proctor Electric the force of 560 is now down to 290, a drop of 48 percent.

For electrical machinery as a whole employment has dropped 7.7 percent; for machinery other than electrical, the drop has been 4.9 percent.

In chemicals the drop has been 5 percent. So it goes, down the line. Only in three categories—apparel, tobacco, and furniture—is employment any higher than a year ago, and even in these fields, the gain has been negligible.

Obviously, the economy is in trouble. Just as obviously, the Eisenhower administration is doing nothing, when so much needs to be done. The administration could increase personal tax exemptions; it could pass legislation for a higher minimum wage; it could increase social security benefits; it could start plans for building much-needed homes, schools, and hospitals. It could build needed roads and flood-control projects.

The States could vote more liberal unemployment compensation benefits. And industry could grant the unions' demand for a guaranteed annual wage.

Here are the comparative figures on manufacturing employment for the Philadelphia area, March 1953 and March 1954:

	1953	1954	Up	Down
Total employment	622,400	576,600		45,800
Textile	60,500	49,300		11,200
Electrical machinery	60,700	56,000		4,700
Machinery, other	49,400	47,100		2,300
Transportation equipment	63,700	49,500		14,200
Apparel	61,900	62,400	500	
Chemicals	37,500	35,600		1,900
Food	45,200	43,900		1,300
Tobacco	7,000	7,200	100	
Lumber	3,700	3,400		400
Furniture	5,800	5,900	100	
Paper	21,500	21,300		200
Printing, publishing	33,900	33,500		400
Petroleum, coal products	23,500	22,600		900
Rubber	5,500	5,300		200
Leather	10,400	9,500		900
Stone, clay, and glass	13,100	12,300		800
Primary metals	37,200	35,100		2,100
Fabricated metal products	48,600	45,700		2,900
Instruments	16,400	16,000		400
Miscellaneous	16,900	15,000		1,900

The CHAIRMAN. If there are no further requests for time, under the rule the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means and either or both of the proposed amendments printed in the CONGRESSIONAL RECORD of July 7, 1954, page A4900.

The bill is as follows:

Be it enacted, etc., That, effective with respect to services performed after December 31, 1954, section 1607 (a) of the Internal Revenue Code is hereby amended by striking out "eight or more" and inserting in lieu thereof "four or more".

SEC. 2. Effective with respect to rates of contributions for periods after December 31, 1954, section 1602 (a) of the Internal Revenue Code is hereby amended by adding after paragraph (3) the following:

"For any person (or group of persons) who has (or have) not been subject to the State law for a period of time sufficient to compute the reduced rates permitted by paragraphs (1) (2), and (3) of this subsection on a 3-year basis, the period of time required may be reduced to the amount of time the person (or group of persons) has (or have) had experience under or has (or have) been subject to the State law, whichever is appropriate, but in no case less than 1 year immediately preceding the computation date."

SEC. 3. Effective with respect to the taxable year 1955 and succeeding taxable years—

(1) section 1605 (c) of the Internal Revenue Code is hereby amended to read as follows:

"(c) Time for payment: The tax shall be paid not later than January 31, next following the close of the taxable year."; and

(2) section 1605 (d) of the Internal Revenue Code is hereby amended by striking out "or any installment thereof" each place it appears.

SEC. 4. (a) The Social Security Act, as amended, is further amended by adding after title XIV thereof the following new title:

"TITLE XV—UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

"DEFINITIONS

"SEC. 1501. When used in this title—

"(a) The term 'Federal service' means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term shall not include service performed—

"(1) by an elective officer in the executive or legislative branch of the Government of the United States;

"(2) as a member of the Armed Forces of the United States;

"(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);

"(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code;

"(5) outside the United States by an individual who is not a citizen of the United States;

"(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

"(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

"(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

"(9) by any individual as an employee included under section 2 of the act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

"(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

"(12) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States.

"For the purpose of paragraph (5) of this subsection, the term 'United States' when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

"(b) The term 'Federal wages' means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

"(c) The term 'Federal employee' means an individual who has performed Federal service.

"(d) The term 'compensation' means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

"(e) The term 'benefit year' means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

"(f) The term 'Secretary' means the Secretary of Labor.

"COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

"SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

"(b) Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 had been included as employment and wages under such law.

"(c) Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

"(d) Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.

"COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

"SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Sec-

retary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under the law of such State, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final decisions of the Secretary of Health, Education, and Welfare under title II.

"(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such act, the furnishing of such personnel and facilities shall be deemed to be a part of the administration of the public employment offices of such agencies.

"STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

"SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal service and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federal service prior to the filing of his first claim for compensation for the benefit year, except that—

"(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal service and Federal wages shall be assigned to such other State;

"(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

"(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

"TREATMENT OF ACCRUED ANNUAL LEAVE

"SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of accumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concerning allocation over the period, such payment shall constitute Federal wages.

"PAYMENTS TO STATES

"SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

"(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

"(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

"(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

"(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

"(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

"(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

"(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment-compensation law.

"INFORMATION

"SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

"(1) whether the employee has performed Federal service,

"(2) the periods of such service,

"(3) the amount of remuneration for such service, and

"(4) the reasons for termination of such service.

The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency of errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c).

"(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303.

"PENALTIES

"SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

"(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

"(B) as a result of such action has received any amount as compensation under this title to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the 2-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 1502 (c) and 1503 (c).

"(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made.

Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and credited to the current applicable appropriation, fund, or account from which payment was made.

"REGULATIONS

"SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

"APPROPRIATIONS

"SEC. 1510. There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title."

(b) Section 1606 (e) and section 1607 (m) of the Internal Revenue Code are each hereby amended by inserting after "December 31, 1945," the following:. "and before January 1, 1955."

The CHAIRMAN. Are there any committee amendments?

Mr. REED of New York. There are none.

The CHAIRMAN. Does any member of the Committee on Ways and Means desire at this time to offer an amendment printed in the RECORD of July 7, 1954?

Mr. FORAND. Mr. Chairman, I offer an amendment, being one of the amendments included in the RECORD of yesterday.

The Clerk read as follows:

Amendment offered by Mr. FORAND: Page 2, after line 9, insert:

"SEC. 3. (a) Effective as of July 1, 1956, section 1603 (a) of the Internal Revenue Code is hereby amended by redesignating paragraph (6) as paragraph (8) and by inserting after paragraph (5) the following new paragraphs:

"'(6) The maximum weekly compensation payable under such law shall be an amount equal to at least two-thirds of the average weekly wage earned by employees within such State, such average to be computed by the State agency of such State on July 1, 1956, and on July 1 of each succeeding year on the basis of the wages, including the amounts excluded therefrom under section 1607 (b) (1), paid during the last full year for which necessary figures are available;

"'(7) The weekly compensation payable to any individual shall be (A) the maximum weekly compensation payable under such law, or (B) an amount (exclusive of any compensation payable with respect to dependents) equal to at least one-half of such individual's average weekly wage as determined by the State agency, whichever is the lesser;'.

"(b) Effective as of July 1, 1956, section 1607 of the Internal Revenue Code is hereby amended by adding at the end thereof the following new subsections:

"'(p) Benefit year: The term "benefit year" means the period prescribed by State law, but not in excess of 52 consecutive weeks, for which an eligible individual may receive weekly unemployment-compensation benefits.

" (q) Base period: The term "base period" means the period prescribed by State law beginning not prior to the first day of the fifth full calendar quarter beginning prior to the benefit year.

"'(r) High quarter wages: The term "high quarter wages" means, in the case of any individual, the amount of wages (as defined by State law) paid to such individual in the calendar quarter of the base period for which his total wages were highest.

"'(s) Average weekly wage: The term "average weekly wage" means, in the case of any individual, the amount of wages (as defined by State law) paid to such individual during the period used for determining his compensation for a week of total unemployment (1) in case the period used is the calendar quarter in which such individual was paid his high quarter wages, divided by 13; or (2) if some other period is used, divided by the number of weeks, during the period used, in which he performed services in employment (as defined by State law).'"

Renumber the sections of the bill which follow accordingly.

Mr. FORAND (interrupting the reading of the amendment). Mr. Chairman, I ask unanimous consent that the further reading of the amendment be dispensed with and that it be printed in the RECORD at this point.

The CHAIRMAN. Is there objection to the request of the gentleman from Rhode Island?

There was no objection.

Mr. FORAND. Mr. Chairman, I think I can save the time of the committee if I just say a few words on the amendment. I will say for the benefit of the members of the committee that this is the first amendment which has been discussed so much this afternoon. It has to do with the fixing of the amount of benefits that would be payable weekly. It provides for a maximum of two-thirds of the State's average weekly wage in the State and a minimum of not less than 50 percent of the average weekly wage of the individual.

I urge adoption of the amendment.

Mr. REED of New York. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the amendment to force the States to increase the amount of benefits was considered and rejected by the Ways and Means Committee.

The administration opposes this amendment as well as the next amendment to be offered.

The President has called the present level of benefits inadequate and has urged the States to take legislative action raising their benefit payments. In the economic report of the President of January 1954, the President stated as follows:

It is suggested that the States raise these dollar maximums—

Referring to benefit levels—

so that the payments to the great majority of the beneficiaries may equal at least one-half their regular earnings.

However, the administration definitely opposes the pending proposal to reach this objective by imposing Federal standards on the States.

This amendment which is now being offered to H. R. 9709 would propose for the first time in the history of the unemployment compensation program a Federal standard for benefit levels under the act. Such a Federal standard would result in the denial to the respective States of the right to determine proper benefit levels for the unemployed in the State. It would deny the States the right to determine benefit amounts based on the economic needs of its citizens and the economic conditions existing within the State. It is my opinon that the Members of the House should vote to defeat this amendment so that the States would continue to have the right to establish appropriate benefit levels. I am confident that, given time, the States will take whatever action is necessary to adopt appropriate improvements in their unemployment insurance programs.

Mr. HALLECK. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Indiana.

Mr. HALLECK. Mr. Chairman, I think it ought to be understood that this measure that the committee has reported and which is presently before us is a very important part of the administration program. At the same time, I think it should be understood that the amendments that are offered, which would, in effect, Federalize the system and remove from the States the powers and rights that they had heretofore had, are not in line with the program. So, I trust that these amendments will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island [Mr. FORAND].

The amendment was rejected.

Mr. FORAND. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. FORAND: Page 2, after line 9, insert:

"SEC. 3. Effective as of July 1, 1956, section 1603 (a) of the Internal Revenue Code is hereby amended by redesignating paragraph (6) as paragraph (7) and by inserting after paragraph (5) the following new paragraph:

"'(6) Compenstion shall not be denied to any eligible individual for any week of total unemployment during his benefit year by reason of exhaustion or reduction of benefit rights or cancellation of his wage credit until he has been paid unemployment compensation for not less than 26 weeks during such year. For purposes of this paragraph, the term "benefit year" means the period prescribed by State law, but not in excess of 52 consecutive weeks, for which an individual may receive weekly unemployment-compensation benefits.'"

Renumber the sections of the bill which follow accordingly.

Mr. FORAND. Mr. Chairman, this is a very simple amendment. It simply says that we are going to try to carry out the suggestions that the President made to the States. When my friends on the other side of the House tell us that we are trying to federalize the system I say to them that when the original act was written certain standards were written into that act. This is simply another standard. Therefore, if this means federalizing the system, then we federalized it from the beginning.

The fear I have today is that again we are going to continue to procrastinate; we are going to put off; we are going to study; we are going to have other things done; we are going to stall, and stall, and stall. And in the meantime we will be letting the people suffer. If that is the position the opposition wants to take, I say go ahead. For my part, I am doing everything I possibly can to bring about

a remedy to a situation that needs attention right as of this moment.

I sincerely hope we shall have a favorable vote on this amendment.

Mr. REED of New York. Mr. Chairman, I rise to express opposition to this amendment which has as its purpose the establishment of Federal standards which prescribe the minimum period during which unemployment compensation benefits will be paid. As was true with respect to the previous amendment which the House has just defeated, the matter of the duration of benefits is one that has historically been left to State determination. The administration opposes this amendment. The President has advocated that any action to increase the duration of benefits be taken by the respective States. I will not repeat the argument I made with respect to the other amendment, but merely call the attention of the House to the fact that those arguments are equally applicable here. This amendment is an undue invasion on what has historically been the sovereign right of our respective States, and I urge that the Members vote to defeat the amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Rhode Island [Mr. FORAND].

The amendment was rejected.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. HOEVEN, Chairman of the Committee of the Whole House on the State of the Union, reported that the Committee having had under consideration the bill (H. R. 9709) to extend and improve the unemployment compensation program pursuant to House Resolution 614, he reported the bill back to the House.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time and was read the third time.

Mr. FORAND. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. FORAND. I am.

The SPEAKER. The gentleman qualifies. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. FORAND moves to recommit the bill H. R. 9709 to the Committee on Ways and Means with instructions to report the same to the House forthwith with amendments as follows:

Page 2, after line 9, insert the following:

"SEC. 3. (a) Section 1603 (a) of the Internal Revenue Code is hereby amended by redesignating paragraph (6) as paragraph (9) and by inserting after paragraph (5) the following new paragraphs:

"'(6) The maximum weekly compensation payable under such law shall be an amount equal to at least two-thirds of the average weekly wage earned by employees within such State, such average to be computed by the State agency of such State on July 1, 1956, and on July 1 of each succeeding year on the basis of the wages, including the amounts excluded therefrom under section 1607 (b) (1), paid during the last full year for which necessary figures are available;

"'(7) The weekly compensation payable to any individual shall be (A) the maximum weekly compensation payable under such law, or (B) an amount (exclusive of any compensation payable with respect to dependents) equal to at least one-half of such individual's average weekly wage as determined by the State agency, whichever is the lesser;

"'(8) Compensation shall not be denied to any eligible individual for any week of total unemployment during his benefit year by reason of exhaustion or reduction of benefit rights or cancellation of his wage credit until he has been paid unemployment compensation for not less than 26 weeks during such year;'

"(b) Section 1607 of the Internal Revenue Code is hereby amended by adding at the end thereof the following new subsections:

"'(p) Benefit year: The term "benefit year" means the period prescribed by State law, but not in excess of 52 consecutive weeks, for which an eligible individual may receive weekly unemployment compensation benefits.

"'(q) Base period: The term "base period" means the period prescribed by State law beginning not prior to the first day of the fifth full calendar quarter beginning prior to the benefit year.

"'(r) High quarter wages: The term "high quarter wages" means, in the case of any individual, the amount of wages (as defined by State law) paid to such individual in the calendar quarter of the base period for which his total wages were highest.

"'(s) Average weekly wage: The term "average weekly wage" means, in the case of any individual, the amount of wages (as defined by State law) paid to such individual during the period used for determining his compensation for a week of total unemployment (1) in case the period used is the calendar quarter in which such individual was paid his high quarter wages, divided by 13; or (2) if some other period is used, divided by the number of weeks, during the period used, in which he performed services in employment (as defined by State law).'

"(c) This section shall take effect as of July 1, 1956."

And renumber the sections of the bill which follow accordingly.

Mr. REED of New York. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and on a division (demanded by Mr. FORAND) there were—ayes 34, noes 91.

Mr. FORAND. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 110, nays 241, not voting 83, as follows:

[Roll No. 98]

YEAS—110

Addonizio	Bray	Dawson, Ill.
Aspinall	Buchanan	Deane
Bailey	Burdick	Delaney
Barrett	Byrd	Dempsey
Bennett, Mich.	Byrne, Pa.	Dollinger
Blatnik	Canfield	Donohue
Boggs	Cannon	Donovan
Boland	Celler	Dorn, N. Y.
Bolling	Chudoff	Doyle
Bowler	Corbett	Eberharter
Boykin	Crosser	Elliott
Engle	Kirwan	Philbin
Fine	Kluczynski	Polk
Fino	Lane	Price
Fogarty	Lesinski	Priest
Forand	McCarthy	Rabaut
Friedel	McCormack	Rains
Fulton	Machrowicz	Reams
Garmatz	Mack, Ill.	Rhodes, Pa.
Gordon	Mack, Wash.	Rodino
Granahan	Madden	Rogers, Colo.
Green	Magnuson	Rooney
Gross	Marshall	Secrest
Hagen, Calif.	Miller, Calif.	Shelley
Hagen, Minn.	Mollohan	Sheppard
Hart	Morgan	Sieminski
Hays, Ohio	Morrison	Spence
Holifield	Moss	Staggers
Holtzman	Multer	Tollefson
Howell	O'Brien, Ill.	Walter
Javits	O'Brien, Mich.	Wampler
Johnson, Wis.	O'Brien, N. Y.	Wier
Jones, Ala.	O'Hara, Ill.	Williams, N. J.
Karsten, Mo.	O'Konski	Withrow
Kelley, Pa.	O'Neill	Yates
Kelly, N. Y.	Pelly	Zablocki
King, Calif.	Pfost	

NAYS—241

Abbitt	Ford	Matthews
Abernethy	Forrester	Meader
Adair	Fountain	Merrill
Alexander	Frelinghuysen	Merrow
Allen, Calif.	Gamble	Miller, Kans.
Andersen, H. Carl	Gary	Miller, Md.
Andresen, August H.	Gathings	Miller, Nebr.
Andrews	Gavin	Miller, N. Y.
Arends	Gentry	Mills
Ashmore	George	Mumma
Auchincloss	Golden	Murray
Ayres	Goodwin	Natcher
Baker	Graham	Neal
Barden	Grant	Nelson
Bates	Gregory	Nicholson
Battle	Gubser	Norrell
Beamer	Gwinn	Oakman
Becker	Hale	O'Hara, Minn.
Belcher	Haley	Osmers
Bender	Halleck	Osterag
Bennett, Fla.	Hand	Phillips
Bentley	Harden	Pillion
Betts	Hardy	Poage
Bishop	Harrison, Nebr.	Poff
Bolton, Frances P.	Hays, Ark.	Prouty
Bolton, Oliver P.	Hébert	Ray
Bosch	Herlong	Reece, Tenn.
Brambiett	Heselton	Reed, Ill.
Brooks, La.	Hess	Reed, N. Y.
Brooks, Tex.	Hiestand	Rees, Kans.
Brown, Ga.	Hill	Rhodes, Ariz.
Brown, Ohio	Hillelson	Riehlman
Brownson	Hoeven	Riley
Broyhill	Hoffman, Ill.	Rivers
Budge	Hoffman, Mich.	Robsion, Ky.
Burleson	Holmes	Rogers, Fla.
Bush	Holt	Rogers, Mass.
Byrnes, Wis.	Hope	Rogers, Tex.
Campbell	Horan	St. George
Carlyle	Hosmer	Saylor
Carrigg	Hruska	Schenck
Cederberg	Hunter	Scherer
Chelf	Hyde	Scrivner
Chenoweth	Ikard	Scudder
Chiperfield	Jackson	Seely-Brown
Church	James	Selden
Clardy	Jarman	Sheehan
Clevenger	Jenkins	Sikes
Cole, Mo.	Jensen	Simpson, Ill.
Cole, N. Y.	Jonas, Ill.	Simpson, Pa.
Colmer	Jonas, N. C.	Smaii
Cooley	Jones, Mo.	Smith, Kans.
Cooper	Jones, N. C.	Smith, Miss.
Coudert	Judd	Smith, Va.
Cretella	Kean	Smith, Wis.
Crumpacker	Kearney	Springer
Cunningham	Kearns	Stauffer
Curtis, Mass.	Keating	Steed
Curtis, Mo.	Kilburn	Stringfellow
Dague	King, Pa.	Taber
Davis, Ga.	Knox	Talle
Davis, Wis.	Krueger	Teague
Dawson, Utah	Laird	Thomas
Derounian	Latham	Thompson, Mich.
Devereux	LeCompte	Thornberry
D'Ewart	Lipscomb	Trimble
Dies	Lovre	Tuck
Dolliver	McConnell	Utt
Dondero	McCulloch	Van Pelt
Dorn, S. C.	McDonough	Van Zandt
Edmondson	McIntire	Velde
Fenton	McMillan	Vinson
Fernandez	McVey	Vorys
	Mahon	Vursell
	Mailliard	Wainwright
	Martin, Iowa	Warburton
	Mason	

Watts	Wigglesworth	Winstead
Westland	Williams, Miss.	Wolcott
Whitten	Williams, N. Y.	Wolverton
Wickersham	Wilson, Calif.	Young
Widnall	Wilson, Ind.	Younger

NOT VOTING—83

Albert	Harris	Perkins
Allen, Ill.	Harrison, Va.	Pilcher
Angell	Harrison, Wyo.	Powell
Bentsen	Harvey	Preston
Berry	Heller	Radwan
Bonin	Hillings	Rayburn
Bonner	Hinshaw	Regan
Bow	Johnson, Calif.	Richards
Buckley	Kee	Roberts
Busbey	Keogh	Robeson, Va.
Camp	Kersten, Wis.	Roosevelt
Carnahan	Kilday	Sadlak
Chatham	Klein	Scott
Condon	Landrum	Shafer
Coon	Lanham	Short
Cotton	Lantaff	Shufford
Curtis, Nebr.	Long	Sullivan
Davis, Tenn.	Lucas	Sutton
Dingell	Lyle	Taylor
Dodd	McGregor	Thompson, La.
Dowdy	Metcalf	Thompson, Tex.
Durham	Morano	Weichel
Ellsworth	Moulder	Wharton
Evins	Norblad	Wheeler
Fallon	Passman	Willis
Feighan	Patman	Wilson, Tex.
Fisher	Patten	Yorty
Frazier	Patterson	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Keogh for, with Mr. Taylor against.
Mr. Klein for, with Mr. Ellsworth against.
Mr. Metcalf for, with Mr. McGregor against.
Mr. Moulder for, with Mr. Berry against.
Mr. Roosevelt for, with Mr. Harvey against.
Mr. Powell for, with Mr. Morano against.
Mr. Dodd for, with Mr. Allen of Illinois against.
Mr. Feighan for, with Mr. Sadlak against.
Mr. Heller for, with Mr. Wheeler against.
Mr. Dingell for, with Mr. Lantaff against.
Mrs. Sullivan for, with Mr. Harrison of Virginia against.
Mrs. Kee for, with Mr. Camp against.
Mr. Buckley for, with Mr. Landrum against.
Mr. Carnahan for, with Mr. Lucas against.
Mr. Perkins for, with Mr. Willis against.
Mr. Condon for, with Mr. Regan against.
Mr. Fallon for, with Mr. Chatham against.
Mr. Patten for, with Mr. Bonner against.
Mr. Yorty for, with Mr. Bow against.
Mr. Angell for, with Mr. Short against.

Until further notice:

Mr. Bonin with Mr. Lyle.
Mr. Kersten of Wisconsin with Mr. Long.
Mr. Weichel with Mr. Thompson of Louisiana.
Mr. Johnson of California with Mr. Shuford.
Mr. Hillings with Mr. Harris.
Mr. Hinshaw with Mr. Preston.
Mr. Norblad with Mr. Lanham.
Mr. Curtis of Nebraska with Mr. Roberts.
Mr. Cotton with Mr. Frazier.
Mr. Patterson with Mr. Fisher.
Mr. Radwan with Mr. Wilson of Texas.
Mr. Wharton with Mr. Pilcher.
Mr. Shafer with Mr. Kilday.
Mr. Busbey with Mr. Albert.
Mr. Coon with Mr. Evins.
Mr. Harrison of Wyoming with Mr. Dowdy.
Mr. Scott with Mr. Passman.

Mr. GUBSER and Mr. BROOKS of Texas changed their votes from "aye" to "nay."

The result of the vote was announced as above recorded.

The doors were opened.

The SPEAKER. The question is on the passage of the bill.

Mr. McCORMACK. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 309, nays 36, answered "present" 2, not voting 87, as follows:

[Roll No. 99]

YEAS—309

Abbitt	Dorn, S. C.	McDonough
Adair	Doyle	McIntire
Addonizio	Eberharter	McVey
Allen, Calif.	Edmondson	Machrowicz
Andersen, H. Carl	Elliott	Mack, Ill.
	Engle	Mack, Wash.
Andresen, August H.	Fenton	Madden
	Fernandez	Magnuson
Arends	Fine	Mahon
Ashmore	Fino	Mailliard
Aspinall	Fogarty	Marshall
Auchincloss	Ford	Martin, Iowa
Ayres	Fountain	Meader
Bailey	Frelinghuysen	Merrill
Baker	Friedel	Merrow
Barrett	Fulton	Miller, Calif.
Bates	Gamble	Miller, Kans.
Battle	Garmatz	Miller, Md.
Beamer	Gary	Miller, Nebr.
Becker	Gathings	Miller, N. Y.
Belcher	Gavin	Mollohan
Bender	George	Morgan
Bennett, Fla.	Goodwin	Morrison
Bennett, Mich.	Gordon	Moss
Bentley	Graham	Multer
Betts	Granahan	Mumma
Bishop	Green	Murray
Blatnik	Gregory	Natcher
Boggs	Gross	Neal
Boland	Gwinn	Nelson
Bolling	Hagen, Calif.	Nicholson
Bolton, Frances P.	Hagen, Minn.	Oakman
	Hale	O'Brien, Ill.
Bolton, Oliver P.	Haley	O'Brien, Mich.
	Halleck	O'Brien, N. Y.
Bosch	Hand	O'Hara, Ill.
Bowler	Harden	O'Hara, Minn.
Boykin	Hardy	O'Konski
Bramblett	Harrison, Nebr.	O'Neill
Bray	Hart	Osmers
Brooks, La.	Hays, Ark.	Ostertag
Brooks, Tex.	Hays, Ohio	Pelly
Brown, Ga.	Hébert	Pfost
Brown, Ohio	Heselton	Philbin
Brownson	Hess	Phillips
Broyhill	Hiestand	Pillion
Buchanan	Hill	Poage
Budge	Hillelson	Poff
Burdick	Hoeven	Polk
Bush	Hoffman, Ill.	Price
Byrd	Holifield	Priest
Byrne, Pa.	Holmes	Prouty
Byrnes, Wis.	Holt	Rabaut
Campbell	Holtzman	Rains
Canfield	Hope	Ray
Cannon	Horan	Rayburn
Carrigg	Hosmer	Reams
Cederberg	Howell	Reece, Tenn.
Celler	Hruska	Reed, Ill.
Chelf	Hunter	Reed, N. Y.
Chenoweth	Hyde	Rees, Kans.
Chiperfield	Jackson	Rhodes, Ariz.
Chudoff	James	Rhodes, Pa.
Church	Jarman	Riley
Clardy	Javits	Robsion, Ky.
Clevenger	Jenkins	Rodino
Cole, Mo.	Jensen	Rogers, Colo.
Cole, N. Y.	Johnson, Wis.	Rogers, Mass.
Condon	Jonas, Ill.	Rooney
Cooley	Jones, Ala.	St. George
Cooper	Judd	Saylor
Corbett	Karsten, Mo.	Schenck
Coudert	Kean	Scherer
Cretella	Kearney	Scrivner
Crosser	Kearns	Scudder
Crumpacker	Keating	Secrest
Cunningham	Kelley, Pa.	Seely-Brown
Curtis, Mass.	Kilburn	Selden
Curtis, Mo.	King, Calif.	Sheehan
Dague	King, Pa.	Shelley
Davis, Wis.	Kirwan	Sheppard
Dawson, Ill.	Kluczynski	Sieminski
Dawson, Utah	Knox	Sikes
Deane	Krueger	Simpson, Ill.
Delaney	Laird	Simpson, Pa.
Dempsey	Lane	Small
Derounian	Latham	Smith, Miss.
Devereux	Lesinski	Spence
D'Ewart	Lovre	Springer
Dondero	McCarthy	Staggers
Donohue	McConnell	Stauffer
Donovan	McCormack	Steed
Dorn, N. Y.	McCulloch	Stringfellow
Talle	Vorys	Williams, N. J.
Thomas	Wainwright	Williams, N. Y.
Thompson, Mich.	Walter	Wilson, Calif.
	Wampler	Wilson, Ind.
Thornberry	Warburton	Withrow
Tollefson	Watts	Wolcott
Trimble	Westland	Wolverton
Utt	Wharton	Yates
Van Pelt	Wickersham	Young
Van Zandt	Widnall	Younger
Velde	Wier	Zablocki
Vinson	Wigglesworth	

NAYS—36

Abernethy	Grant	Norrell
Alexander	Herlong	Rivers
Andrews	Hoffman, Mich.	Rogers, Fla.
Barden	Ikard	Rogers, Tex.
Burleson	Jonas, N. C.	Smith, Va.
Carlyle	Jones, Mo.	Smith, Wis.
Colmer	Jones, N. C.	Taber
Davis, Ga.	LeCompte	Teague
Dies	McMillan	Tuck
Dolliver	Mason	Whitten
Forrester	Matthews	Williams, Miss.
Gentry	Mills	Winstead

ANSWERED "PRESENT"—2

Forand Smith, Kans.

NOT VOTING—87

Albert	Gubser	Patten
Allen, Ill.	Harris	Patterson
Angell	Harrison, Va.	Perkins
Bentsen	Harrison, Wyo.	Pilcher
Berry	Harvey	Powell
Bonin	Heller	Preston
Bonner	Hillings	Radwan
Bow	Hinshaw	Regan
Buckley	Johnson, Calif.	Richards
Busbey	Kee	Riehlman
Camp	Kelly, N. Y.	Roberts
Carnahan	Keogh	Robeson, Va.
Chatham	Kersten, Wis.	Roosevelt
Coon	Kilday	Sadlak
Cotton	Klein	Scott
Curtis, Nebr.	Landrum	Shafer
Davis, Tenn.	Lanham	Short
Dingell	Lantaff	Shufford
Dodd	Lipscomb	Sullivan
Dollinger	Long	Sutton
Dowdy	Lucas	Taylor
Durham	Lyle	Thompson, La.
Ellsworth	McGregor	Thompson, Tex.
Evins	Metcalf	Vursell
Fallon	Morano	Weichel
Feighan	Moulder	Wheeler
Fisher	Norblad	Willis
Frazier	Passman	Wilson, Tex.
Golden	Patman	Yorty

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. Metcalf for, with Mr. Smith of Kansas against.

Until further notice:

Mr. Allen of Illinois with Mr. Lantaff.
Mr. McGregor with Mr. Keogh.
Mr. Morano with Mr. Chatham.
Mr. Taylor with Mr. Klein.
Mr. Bow with Mrs. Sullivan.
Mr. Coon with Mrs. Kee.
Mr. Curtis of Nebraska with Mr. Shuford.
Mr. Cotton with Mr. Preston.
Mr. Golden with Mr. Lanham.
Mr. Gubser with Mr. Landrum.
Mr. Busbey with Mr. Fisher.
Mr. Hillings with Mr. Lucas.
Mr. Scott with Mr. Long.
Mr. Johnson of California with Mr. Lyle.
Mr. Bonin with Mr. Carnahan.
Mr. Berry with Mr. Pilcher.
Mr. Ellsworth with Mr. Willis.
Mr. Harrison of Wyoming with Mr. Thompson of Louisiana.
Mr. Harvey with Mr. Roberts.
Mr. Sadlak with Mr. Fallon.
Mr. Patterson with Mr. Bonner.
Mr. Short with Mr. Perkins.
Mr. Shafer with Mr. Moulder.
Mr. Angell with Mr. Roosevelt.
Mr. Riehlman with Mr. Harrison of Virginia.
Mr. Vursell with Mr. Heller.
Mr. Hinshaw with Mr. Buckley.

Mr. Radwan with Mr. Kilday.
Mr. Norblad with Mr. Wilson of Texas.
Mr. Weichel with Mr. Wheeler.
Mr. Kersten of Wisconsin with Mr. Frazier.

Mr. SMITH of Kansas. Mr. Speaker, I voted "nay." I have a live pair with the gentleman from Montana, Mr. METCALF. I withdraw my vote "nay" and answer "present."

Mr. HOFFMAN of Michigan changes his vote from "yea" to "nay."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

U. S. S. "CONSTITUTION" AND OTHER HISTORICAL VESSELS

Mr. DEVEREUX. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 8247) to provide for the restoration and maintenance of the U. S. S. *Constitution* and to authorize the disposition of the U. S. S. *Constellation*, U. S. S. *Hartford*, U. S. S. *Olympia*, and U. S. S. *Oregon*, and for other purposes, with Senate amendments and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments as follows:

Page 3, line 4, strike out "subsection" and insert "subsections 2 (c) and."

Page 3, line 16, strike out all after "vessel" down to and including "received" in line 18.

Page 5, line 4, strike out "in subsection 4 (a) and."

Page 5, lines 6 and 7, strike out "in his discretion, by sale or by scrapping."

Page 5, line 8, after "Secretary", insert "Any such vessel may be disposed of by sale or by scrapping, in the discretion of the Secretary."

Page 5, line 16, strike out "*Constellation, Hartford, Olympia*" and insert "*Olympia.*"

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

AMENDING FOOD, DRUG, AND COSMETIC ACT WITH RESPECT TO RESIDUE OF PESTICIDE CHEMICALS

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 7125) to amend the Federal Food, Drug, and Cosmetic Act with respect to residues of pesticide chemicals in or on raw agricultural commodities, with a Senate amendment thereto and concur in the Senate amendment.

The Clerk read the title of the bill.

The Clerk read the Senate amendment, as follows:

Page 18, line 19, strike out "section." and insert "section."

"'(o) The Secretary of Health, Education, and Welfare shall by regulation require the payment of such fees as will in the aggregate, in the judgment of the Secretary, be sufficient over a reasonable term to provide, equip, and maintain an adequate service for the performance of the Secretary's functions under this section. Under such regulations, the performance of the Secretary's services or other functions pursuant to this section, including any one or more of the following, may be conditioned upon the payment of such fees: (1) The acceptance of filing of a petition submitted under subsection (d); (2) the promulgation of a regulation establishing a tolerance, or an exemption from the necessity of a tolerance, under this section, or the amendment or repeal of such a regulation; (3) the referral of a petition or proposal under this section to an advisory committee; (4) the acceptance for filing of objections under subsection (d) (5); or (5) the certification and filing in court of a transcript of the proceedings and the record under subsection (i) (2). Such regulations may further provide for waiver or refund of fees in whole or in part when in the judgment of the Secretary such waiver or refund is equitable and not contrary to the purposes of this subsection.'"

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

The Senate amendment was concurred in, and a motion to reconsider was laid on the table.

AMENDMENT TO MERCHANT MARINE ACT, 1936

Mr. TOLLEFSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 2408) to amend the Merchant Marine Act, 1936, to provide a national defense reserve of tankers and to promote the construction of new tankers, and for other purposes, with House amendments, insist on the House amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Washington? [After a pause] The Chair hears none, and appoints the following conferees: Messrs. TOLLEFSON, ALLEN of California, SEELY-BROWN, BONNER, and SHELLEY.

ABOLISHING OFFICES OF ASSISTANT TREASURER AND ASSISTANT REGISTER OF THE TREASURY

Mr. REED of New York. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (S. 3605) to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under Secretary for Monetary Affairs and an additional Assistant Secretary in the Treasury Department.

The Clerk read the title of the bill.

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend an explanation at this point in the RECORD.

Mr. COOPER. Mr. Speaker, reserving the right to object, and I shall not, I simply state that this bill was favorably reported by unanimous vote of the Committee on Ways and Means.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. REED of New York. Mr. Speaker, this legislation has been acted on favorably by the Senate. It was reported to the House by the unanimous vote of the Ways and Means Committee.

Mr. Speaker, S. 3605 would abolish the office of Assistant Treasurer of the United States and the office of Assistant Register of the Treasury. It is pointed out that neither of these offices has been filled under the Eisenhower administration. Based on this experience it has been determined by the Treasury Department that they are unnecessary and the Secretary of the Treasury has requested that they be abolished.

The two primary responsibilities placed on the Secretary of the Treasury by the Congress are, first, the collection of revenue and the preparation of plans for the improvement and management of the revenue; and, second, the support of the public credit. It is desirable that the Secretary have under him two top officials of comparable rank on whom he can rely for assistance on these basic responsibilities. S. 3605 would authorize in the Department a new position of Under Secretary for Monetary Affairs to whom supervision of functions relating to debt management and monetary policies could be assigned. S. 3605 would also establish a new position of Assistant Secretary in addition to the two positions of Assistant Secretary presently authorized. This position is necessary to provide the Secretary of the Treasury with an assistant of sufficient rank to enable him to carry out most effectively a number of related duties recently assigned to the Secretary of the Treasury. These duties include the lending functions under section 302 of the Defense Production Act of 1950, the lending functions under section 409 of the Federal Civil Defense Act of 1950, the liquidation of assets and winding up of the affairs of the Reconstruction Finance Corporation and other similar responsibilities recently assigned to the Secretary of the Treasury.

The Clerk read the bill, as follows:

Be it enacted, etc., That (a) section 303 of the Revised Statutes, as amended (39 U. S. C. 143), establishing the office of Assistant Treasurer of the United States, and the act approved April 9, 1926 (31 U. S. C. 143a), designating the Deputy Assistant Treasurer as Assistant Treasurer, are repealed.

(b) Section 304 of the Revised Statutes, as amended (31 U. S. C. 144), is amended (1) by striking out "Treasurer may, in his discretion, and with the consent of the Secretary of the Treasury, authorize the Assistant Treasurer to act in the place and discharge any or all of the duties of the Treasurer of the United States; and the", and (2) by striking out "both the Treasurer and Assistant Treasurer" and inserting in lieu thereof "the Treasurer."

SEC. 2. Sections 314 and 315 of the Revised Statutes, as amended, and the joint resolution approved December 13, 1892 (31 U. S. C. 164, 165, and 166), establishing the office of Assistant Register of the Treasury, specifying the duties of the office, and providing for the appointment of an Acting Assistant Register, are repealed.

SEC. 3. The provision in the act of February 17, 1922, which established the office of Under Secretary of the Treasury, as amended and supplemented (5 U. S. C. 244), is amended to read as follows:

"There shall be in the Department of the Treasury an Under Secretary and an Under Secretary for Monetary Affairs, each to be appointed by the President, by and with the

83D CONGRESS
2D SESSION

H. R. 9709

IN THE SENATE OF THE UNITED STATES

JULY 9 (legislative day, JULY 2), 1954
Read twice and referred to the Committee on Finance

AN ACT

To extend and improve the unemployment compensation program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective with respect to services performed after December 31, 1954, section 1607 (a) of the Internal Revenue Code is hereby amended by striking out "eight or more" and inserting in lieu thereof "four or more".

SEC. 2. Effective with respect to rates of contributions for periods after December 31, 1954, section 1602 (a) of the Internal Revenue Code is hereby amended by adding after paragraph (3) the following:

"For any person (or group of persons) who has (or

have) not been subject to the State law for a period of time sufficient to compute the reduced rates permitted by paragraphs (1), (2), and (3) of this subsection on a three-year basis, the period of time required may be reduced to the amount of time the person (or group of persons) has (or have) had experience under or has (or have) been subject to the State law, whichever is appropriate, but in no case less than one year immediately preceding the computation date."

SEC. 3. Effective with respect to the taxable year 1955 and succeeding taxable years—

(1) section 1605 (c) of the Internal Revenue Code is hereby amended to read as follows:

"(c) TIME FOR PAYMENT.—The tax shall be paid not later than January 31, next following the close of the taxable year."; and

(2) section 1605 (d) of the Internal Revenue Code is hereby amended by striking out "or any installment thereof" each place it appears.

SEC. 4. (a) The Social Security Act, as amended, is further amended by adding after title XIV thereof the following new title:

"TITLE XV—UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

"DEFINITIONS

"SEC. 1501. When used in this title—

"(a) The term 'Federal service' means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term shall not include service performed—

"(1) by an elective officer in the executive or legislative branch of the Government of the United States;

"(2) as a member of the Armed Forces of the United States;

"(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);

"(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code;

"(5) outside the United States by an individual who is not a citizen of the United States;

"(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

"(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

"(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

"(9) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

"(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

"(12) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively

of individuals otherwise in the full-time employ of the United States.

For the purpose of paragraph (5) of this subsection, the term 'United States' when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

"(b) The term 'Federal wages' means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

"(c) The term 'Federal employee' means an individual who has performed Federal service.

"(d) The term 'compensation' means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

"(e) The term 'benefit year' means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

"(f) The term 'Secretary' means the Secretary of Labor.

"COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

"SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

"(b) Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 had been included as employment and wages under such law.

"(c) Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section shall be subject to review in the same

manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

"(d) Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.

"COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

"SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under the law of

such State, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final

determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final decisions of the Secretary of Health, Education, and Welfare under title II.

"(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such Act, the furnishing of such personnel and facilities shall be deemed to be a part of the administration of the public employment offices of such agencies.

"STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

"SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal service and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federal service prior to the filing

of his first claim for compensation for the benefit year, except that—

"(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal service and Federal wages shall be assigned to such other State;

"(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

"(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

"TREATMENT OF ACCRUED ANNUAL LEAVE

"SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of ac-

cumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concerning allocation over the period, such payment shall constitute Federal wages.

"PAYMENTS TO STATES

"SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

"(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

"(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State

sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

"(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

"(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

"(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

"(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

"(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

"INFORMATION

"SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

"(1) whether the employee has performed Federal service,

"(2) the periods of such service,

"(3) the amount of remuneration for such service, and

"(4) the reasons for termination of such service. The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency of errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c).

"(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303.

"PENALTIES

"SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

"(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

"(B) as a result of such action has received any amount as compensation under this title to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the two-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 1502 (c) and 1503 (c).

"(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and cred-

ited to the current applicable appropriation, fund, or account from which payment was made.

"REGULATIONS

"SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

"APPROPRIATIONS

"SEC. 1510. There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title."

(b) Section 1606 (e) and section 1607 (m) of the Internal Revenue Code are each hereby amended by inserting after "December 31, 1945," the following: "and before January 1, 1955,".

Passed the House of Representatives July 8, 1954.

Attest: LYLE O. SNADER,

Clerk.

83D CONGRESS
2D SESSION

H. R. 9709

AN ACT

To extend and improve the unemployment compensation program.

JULY 9 (legislative day, JULY 2), 1954
Read twice and referred to the Committee on Finance

Calendar No. 1808

83D CONGRESS
2d Session

SENATE

REPORT
No. 1794

EXTENDING AND IMPROVING THE UNEMPLOYMENT COMPENSATION PROGRAM

JULY 12 (legislative day, JULY 2), 1954.—Ordered to be printed

Mr. MILLIKIN, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 9709]

The Committee on Finance, to whom was referred the bill (H. R. 9709) to extend and improve the unemployment-compensation program, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

The bill (H. R. 9709) would extend the protection available under the unemployment insurance system to around 4 million workers in the country who today lack this protection. In so doing, it would constitute the first major extension of the coverage of the unemployment insurance system since it was established in 1935.

The unemployment insurance system has always been primarily a State program, and H. R. 9709 continues this method of operation. In so doing, it recognizes that problems of unemployment are of national concern, but that geographic variations and varying economic conditions within the several States make it essential that actual implementation of the system be carried out by State action. In line with this policy the Federal Unemployment Tax Act has not governed the amount of benefits or their duration.

In his economic report, transmitted to Congress on January 28, 1954, the President recognized that in some States the present level of benefits is inadequate and the duration of benefits is deficient. In line with historical policy, he urged State action to correct these defects. Your committee agrees with the President that these matters should be left to State determination.

The major purposes of H. R. 9709 are summarized as follows:

1. The Federal Unemployment Tax Act is extended to employers of 4 or more employees in each of 20 weeks (instead of 8 or more in 20

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weeks as under the present law). It is estimated that this provision will make unemployment-insurance protection available to approximately 1.3 million workers not now covered.

2. Unemployment insurance is extended to substantially all Federal civilian employees, an addition of approximately 2.5 million workers.

3. States are authorized to extend experience-rating tax reductions to new and newly covered employers after they have had at least 1 year of coverage under the State law instead of 3 years as required today.

4. The bill eliminates the privilege of paying the Federal unemployment tax in quarterly installments.

GENERAL STATEMENT

1. Extension of tax to employers of four or more

The bill extends the Federal Unemployment Tax Act to employers who employ 4 or more employees in each of 20 weeks during the year. The present law limits the tax to employers of 8 or more in the same period, although a number of States have already lowered their own requirements so as to cover employers with less than 8 employees. (See table, pp. 4, 5.)

From the standpoint of the individual worker, unemployment insurance protection is as important if he works for a small employer as if he works for an employer of thousands. Moreover, it is as important to maintain the purchasing power of employees of small firms as of large firms. In this connection, the extension of coverage provided by your committee's bill would particularly benefit small communities where a large proportion of workers are employed by small firms.

The further coverage is extended into this area, the further the Federal Government is moving into an area where differences in State and local conditions become a significant factor. There is a twilight zone where needed flexibility can only be maintained through State action. It may be appropriate that unemployment protection be extended into this fringe area, but your committee believes that such extension should be left to State determination in the light of local variations in employment patterns. Your committee does not believe that this problem exists to any appreciable extent with respect to the extension of coverage to employers of four or more.

2. Reduced rates for new and newly covered employers

In all States, employers are granted reductions in the unemployment taxes they must pay the State if their unemployment experience meets certain requirements. The Federal Unemployment Tax Act allows employers to credit this reduction against their Federal unemployment tax. In other words, an employer who has received such a reduction is credited with the difference between the amount actually paid and the amount he would have been required to pay if he had not received the reduction. The Federal law grants this additional credit, however, only if the State law requires an employer to have at least 3 years of experience before he can be given a tax reduction. This means that a new or newly covered employer is required to pay the full tax for at least these initial years even though his experience in those years is as favorable as that of an established employer. In many States, this means that new employers carry a very large proportion

of current unemployment taxes. They are thus put at a competitive disadvantage with established employers and are required to carry an extra financial load at a time they can perhaps least afford it.

The President, in his economic report of January 28, 1954, recommended that "Congress allow the shortening, from 3 years to 1, of the period required to qualify for a rate reduction." Section 2 of H. R. 9709 carries out this recommendation in its entirety. In effect, during the first 3 years of an employer's coverage, the amendment will permit a State to tie the period of experience required before rate reduction to the period of time the new employer has had experience under the law. In other words, the rate for an employer who has had 1 year's experience may be based on 1 year's experience, the rate for 1 who has had experience for 2 years, on the basis of 2 years' experience.

It would be emphasized that this amendment merely permits a State to extend a rate reduction on the basis of 1 year's experience if it desires to do so. It does not require such State action.

The amendment is not intended to give new and newly covered employers any competitive advantage over established employers, but merely to equalize as much as possible the opportunity for rate reductions between new and established employers. The factors used to measure the experience of employers vary from State to State. Under the amendment, it is intended that the State measure the experience of new and newly covered employers by the same factor (or factors) that it uses to measure the experience of established employers. For example, one of the most common factors is a reserve balance (the excess of contributions collected over benefits paid and charged to the employer's account). Thus, a State which uses a reserve balance for established employers must do so for new employers. However, in some States, an employer who does not have 3 years of experience, as the Federal law now requires, could not attain the reserve balance now required of established employers. In these States, therefore, a proportionate reduction would have to be made in this reserve requirement to enable new employers with less than 3 years' experience to take advantage of the permission granted by the bill's new rate-reduction provision. Since the bill does not intend to give new employers any greater advantage than established employers, any difference in reserve requirements granted to new employers would therefore have to bear the same proportion to the requirement placed on established employers as the period of coverage required of the two groups. For example, if a 6-percent reserve requirement is required of established employers with 3 years' experience, at least 4 percent must be required of employers with 2 years' experience.

3. Elimination of quarterly installment privilege

The bill eliminates the right to pay the unemployment tax in quarterly installments. This amendment is designed to relieve the Government of an existing administrative burden. Moreover, this administrative burden would be somewhat increased if the new employers covered by this bill were permitted to pay their tax in quarterly installments.

Elimination of this provision should not impose an undue burden on taxpayers. This is indicated by the fact that some 85 percent of the total taxes due are now paid at the time of filing the return without

Selected data on unemployment compensation

State	Statutory minimum number of workers and period for employer coverage	Legal range of benefits				Benefits paid in 1953 (in thousands)	Average actual duration in 1953 (weeks)	Federal grants to States, fiscal year 1953 (in thousands)	Federal tax collections, fiscal year 1953 (in thousands)
		Benefits [1]		Weeks duration					
		Minimum	Maximum	Minimum	Maximum				
United States						$962,221	10.1	$196,323	$275,825
Alabama	8 in 20 weeks	$6	$22	11+	20	10,520	12.1	2,841	3,193
Alaska	1 at any time	$8-$10	$35-$70	12	26	5,641	9.7	659	395
Arizona	3 in 20 weeks	$5-$7	$20-$26	10	20	2,568	8.7	1,672	914
Arkansas	1 in 10 days	$7	$22	10	16	6,014	9.3	1,943	1,337
California	1 at any time	$10	$30	15-10+	26	97,363	11.4	19,775	21,516
Colorado	8 in 20 weeks	$7	$28-$35	10	20-26	2,117	9.3	1,508	1,861
Connecticut	4 in 13 weeks	$8-$11	$30-$45	15-10	26	7,966	6.3	3,002	5,634
Delaware	1 in 20 weeks	$7	$25	11	26	1,167	7.9	431	793
District of Columbia	1 at any time	$6-$7	$20	12+	20	2,365	10.7	1,230	1,564
Florida	8 in 20 weeks	$5	$20	7+	16	7,780	9.2	3,163	3,281
Georgia	do	$5	$26	20	20	10,226	10.3	3,051	4,030
Hawaii	1 at any time	$5	$25	20	20	2,858	11.2	634	637
Idaho	do	$10	$25	10	26	3,684	10.9	967	648
Illinois	6 in 20 weeks	$10	$27	18+-10	26	51,085	9.1	9,292	20,833
Indiana	8 in 20 weeks	$5	$27	12+-6+	20	16,748	7.1	3,339	8,654
Iowa	8 in 15 weeks	$5	$26	6+	20	5,088	8.7	1,650	3,000
Kansas	8 in 20 weeks	$5	$28	6+	20	7,041	8.7	1,509	2,477
Kentucky	4 in 3 quarters	$8	$28	26	26	17,665	13.0	2,329	3,105
Louisiana	4 in 20 weeks	$5	$25	10	20	10,356	12.6	2,806	3,323
Maine	8 in 20 weeks	$9	$27	20	20	5,788	9.7	1,053	1,393
Maryland	1 at any time	$6-$8	$30-$38	7+	26	11,911	7.6	3,203	4,294
Massachusetts	1 in 13 weeks	$7-$9	$25 [2]	21+-6	26	41,081	10.0	8,878	10,664
Michigan	8 in 20 weeks	$10-$12	$30-$42	9+	26	39,485	7.1	8,837	15,893
Minnesota	1 in 20 weeks [3]	$11	$30	15	26	11,021	11.3	3,108	4,013
Mississippi	8 in 20 weeks	$3	$30	16	16	6,641	10.1	2,089	1,276
Missouri	do	$0.50 [2]	$25	(2)	24	15,534	8.2	3,451	6,607
Montana	1 in 20 weeks	$7	$23	20	20	2,347	10.8	1,022	688
Nebraska	8 in 20 weeks	$10	$26	10	20	2,577	8.9	953	1,371
Nevada	1 at any time	$8-$11	$30-$50	10	26	1,567	9.1	575	315
New Hampshire	4 in 20 weeks	$7	$30	26	26	5,877	10.6	943	955
New Jersey	do	$10	$30	13	26	59,757	10.7	8,934	11,586
New Mexico	1 at any time	$10	$30	12	24	2,455	10.6	1,021	707
New York	4 in 15 days	$10	$30	26	26	178,597	11.9	29,586	35,956
North Carolina	8 in 20 weeks	$7	$30	26	26	20,973	10.9	3,731	4,948
North Dakota	do	$7-$9	$26-$32	20	20	1,987	12.5	664	373
Ohio	3 at any time	$10-$12.50	$30-$35	12-9+	26	32,542	9.2	8,619	19,253
Oklahoma	8 in 20 weeks	$10	$28	6+	22	7,251	10.7	2,132	2,389
Oregon	4 in 6 weeks	$15	$25	8+	26	19,208	10.4	2,373	2,799

Pennsylvania	1 at any time	$10	$30	13	26	102,359	9.8	14,981	23,877
Rbode Island	4 in 20 weeks	$10	$25	10+7+	26	12,565	9.9	1,717	1,858
South Carolina	8 in 20 weeks	$5	$20	18	18	9,055	10.1	2,315	2,483
South Dakota	do	$8	$25	10	20	730	9.3	512	411
Tennessee	do	$5	$26	22	22	16,369	11.0	3,009	3,932
Texas	do	$7	$20	5	24	11,891	9.2	7,299	10,704
Utah	1 at any time	$10	$27.50	16–15	26	3,168	10.1	1,379	937
Vermont	8 in 20 weeks	$10	$25	20	20	1,299	9.1	634	507
Virginia	do	$6	$24	6	16	8,203	7.8	1,890	4,051
Washington	1 at any timo	$10	$30	15	26	29,027	11.3	3,960	4,182
West Virginia	8 in 20 weeks	$10	$30	24	24	13,954	9.5	1,428	3,316
Wisconsin	6 in 18 weeks	$10	$33	10	26+	17,934	8.2	2,981	6,517
Wyoming	1 at any timc	$10–$13	$30–$36	8	26	814	7.2	608	376

[1] When 2 amounts are given, higher ineludes depeudents' allowanees, except in Colorado where bigher amount includes 25 percent additional for claimants employed in Colorado by covered employers for 5 consecutive calendar years with wages in excess of $1,000 per year and no benefits received.

[2] If the benefit is less than $5 benefits are paid at the rate of $5 a week; no qualifying wages and no minimum weekly or annual benefits are specified.

[3] Employers of less than 8 outside tbe corporate limits of the city, village, or borough of 10,000 population or more are not liable for contributions unless they are subject to the Federal Unemployment Tax Act.

Source: U. S. Department of Labor, Bureau of Employment Security, Division of Aetuarial and Financial Services, June 7, 1954.

using the installment-payment option. Furthermore, unlike the old-age and survivors insurance tax, the unemployment tax is not due until the year after that in which the taxable wages are paid. The old-age and survivors insurance tax, on the other hand, is payable in quarterly installments during the year in which the wages are paid.

4. Coverage of Federal civilian employees

In his Economic Report, the President stated:

> A worker laid off by a Government ageney gets no insuranee benefits despite the faet that in many types of Federal jobs he is as vulnerable to layoff or dismissal as the faetory worker. It is recommended that Congress include in the insuranee system the 2.5 million Federal civilian employees, under eonditions set by the States in whieh they last worked, and that it provide for Federal reimbursement to the State of the amount of the eost, estimated to be about $25 million for the fiseal year ending in 1955.

H. R. 9709 carries out this recommendation. Your committee believes that Federal civilian employees as a group are subject to the risk of unemployment on nearly the same scale as nongovernmental workers in the same type of work. In recent years, particularly, several extensive reductions in Federal personnel have demonstrated the real need for extending unemployment benefits to Federal employees. From a wartime peak of well over 3½ million employees in June 1945, Federal employment dropped by a million between 1945 and 1946 and dropped considerably more in the next few years, leveling off at about 2 million in June 1950. After a new increase due to the Korean conflict, Federal employment again fell off by nearly 247,000 between June 1952 and December 31, 1953.

Total annual separations of Federal employees are substantial. They have approximated around half a million each year. Of this total, the percentage which constitute involuntary separations, that is, reductions in force and terminations of temporary appointments, has varied from approximately 17 to 50 percent of total separations.

Your committee believes that the Federal Government should not be in the position of providing less favorable conditions of employment than are required of private employers. Yet, since Federal employees now have no unemployment-insurance protection, involuntarily separated Federal employees have been forced to rely upon accrued annual leave and refunds from their retirement accounts while looking for other jobs. Not only does this defeat the purpose of annual leave, but also, in many cases, the employee may have no such leave accumulation at all. Even where leave has been accumulated, there is evidence that it has been inadequate to cover the duration of Federal workers' unemployment. Moreover, your committee believes that withdrawal of an employee's retirement-fund accumulations is undesirable and a defeat of the purpose of the retirement program.

H. R. 9709 provides for unemployment insurance for Federal civilian workers, with minor exceptions, who are employed in the United States, including Puerto Rico or the Virgin Islands, and elsewhere, if citizens of the United States. (Nearly all of the exceptions to coverage are identical with the categories of Federal workers excluded from the Social Security Act for purposes of the old-age and survivors insurance.) Unemployment compensation will be payable to such Federal workers who are unemployed after December 31, 1954. A Federal worker's rights to benefits are to be determined under the unem-

ployment-compensation law of the State to which his Federal services and wages are assigned. Usually, this will be the State in which the worker had his official station when he became unemployed, or, if he has been in Foreign Service, the State in which he resides when he files his claim. Compensation will not be paid for the period with respect to which accrued annual leave is paid upon separation.

The Secretary of Labor is authorized to enter into agreements with each State, under which the State unemployment compensation agency will make benefit payments as agent for the United States and will be reimbursed by the United States for any additional costs of such payments. If a State does not have such an agreement, the Secretary will make the unemployment-compensation payments and will apply the benefit standards and other provisions of the law of such State. Unemployed workers filing a claim in Puerto Rico or the Virgin Islands will be paid according to the benefit standards and other provisions of the unemployment-compensation law of the District of Columbia.

Any estimates of the cost of the proposed unemployment benefits for Federal workers must necessarily be rough, since there is no experience in the payment of such benefits to Federal workers upon which to base the estimates. The cost will depend to a great extent upon governmental employment levels and turnover, and to some extent upon the overall economic and employment situation prevailing in the country. The Department of Labor estimates that for the last half of fiscal year 1955 the cost will be approximately $25 million. Thereafter, for a full year of operation, based on estimated separations in 1955 of 145,000, the cost will be approximately $35 million. The relatively larger cost for the first 6 months of operation will be due to a backlog of claimants at the start of operations. The backlog will consist of those Federal workers who have been separated by reduction of force or terminated prior to the date when benefits commence, who are unemployed and still eligible for benefits at that time.

SECTION-BY-SECTION ANALYSIS

Section 1. Definition of employer

This section extends the application of the Federal unemployment tax imposed by section 1600 of the Internal Revenue Code by amending section 1607 (a) of the code so as to provide that the term "employer" does not include any person unless on each of some 20 days during the taxable year, each day being in a different calendar week, the total number of individuals who were employed by him in employment, as defined in section 1607 (c), for some portion of the day (whether or not at the same moment of time) was four or more. Thus, the definition of the term "employer" under the bill is the same as the definition of that term under existing law except for the substitution of the words "four or more" for "eight or more." This amendment is effective with respect to services performed after December 31, 1954. Since only a person who is an employer, as defined, for the taxable year in which the wages are paid is subject to the Federal unemployment tax, the amended definition of the term "employer" will be applicable in determining whether wages paid in 1955 or subsequent years are taxable.

Section 2. Experience rates for new employers

This section amends section 1602 (a) of the Internal Revenue Code to permit the States to extend rate reductions to new and newly covered employers after they have had a year's experience and yet retains the right of these employers to additional credit against their Federal unemployment tax with respect to such reduced rate. At present, the code allows employers to obtain additional credit against the Federal tax only after they have had 3 years' experience. This amendment ties the period of experience required before reductions in the State tax rate may be so credited, to the period of time the new employer has had experience under the law. Thus, if the State wishes to avail itself of this provision, the rate for an employer who has had a year's experience must be based on a year's experience, the rate for one who has had 2 years, on the basis of 2 years' experience. At the end of 3 or more years, the employer's experience would continue to be based, as at present, on 3 or more years of experience.

Section 3. Time for payment of tax

This section amends section 1605 (c) of the Internal Revenue Code so as to provide that after 1955 the total amount of the tax shall be paid not later than January 31 next following the close of the taxable year. Under existing law, the taxpayer may elect to pay the tax in four equal installments following the close of the taxable year instead of in a single payment. Section 3 of the bill also contains a conforming amendment to section 1605 (d) of the code.

Section 4 (a). Unemployment compensation for Federal employees

This section adds a new title XV to the Social Security Act to extend the unemployment compensation system to give Federal employees unemployment benefits under conditions set by the State in which they last worked with Federal reimbursement to the States of the amount of the costs. The specific provisions of this title are as follows:

Definitions.—This section defines six terms used in this title (a) "Federal service," (b) "Federal wages," (c) "Federal employee," (d) "compensation," (e) "benefit year," and (f) "Secretary." The definition of "Federal service" is the most important of these definitions since it establishes the type of service that is, and is not, to be covered by the law. It does this by stating in general terms that all service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States is to be covered. It then lists 12 categories of workers whose services for the Federal Government are to be excluded from coverage even if the type of service they perform otherwise falls within the general definition. The categories excluded by this section are: elective officers; members of the Armed Forces; certain consular agents; certain Bonneville Power employees prior to January 1, 1955; aliens employed outside the United States; individuals who are paid on a contract or fee basis; Federal employees who receive compensation of $12 a year or less; patients or inmates of any Federal hospital, home or other institution; certain interns, student nurses, and other student employees of Federal hospitals; individuals employed on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency; individuals employed under Federal unemployment relief programs; and members of State, county, or community com-

mittees under the Production and Marketing Administration and similar bodies, unless such bodies are composed exclusively of full-time Federal employees.

"Benefit year" is described in subsection (e) as meaning the benefit year defined in the applicable State unemployment compensation law, unless such State law does not define a benefit year, in which case, such term means the period prescribed in the agreement between the Secretary and the State agency or, in the absence of an agreement, the period prescribed by the Secretary. All State laws but one presently define the term "benefit year."

Compensation for Federal employees under State agreements.—This section authorizes the Secretary of Labor to enter into an agreement with any State or with the unemployment-compensation agency of the State under which such agency will make payments to unemployed Federal employees, after December 31, 1954, as agent of the United States. Such payments are to be in the same amount and subject to the same terms and conditions as if the Federal service were covered under the unemployment-compensation law of the State.

Determinations of the State agency are subject to the same administrative and judicial review as are determinations under the State unemployment-compensation law.

Each agreement is to provide the conditions upon which it may be amended or terminated.

Compensation for Federal employees in absence of State agreement.—This section provides that in the absence of a State agreement the Secretary of Labor is to make payments to unemployed Federal workers, after December 31, 1954, in the same amounts and subject to the same terms and conditions as would be paid to such Federal workers if their Federal service had been covered by the State law, with one significant exception. If a Federal worker meets the qualifying requirement for benefits under the law of a State, without regard to his Federal service and wages, then the Secretary is to make payment of compensation only on the basis of the individual's Federal service and Federal wages. In this manner duplication of benefit payments will be avoided.

Provision is also made for the payment of compensation to Federal employees who file a claim in Puerto Rico and the Virgin Islands. Since neither Puerto Rico nor the Virgin Islands have a general unemployment-compensation law, the Secretary is to make payments to such Federal workers in accordance with the unemployment-compensation law of the District of Columbia. Here, too, provision is made to avoid duplicate payments if a Federal worker has worked in covered private employment in the District of Columbia.

Provision is also made for a fair hearing (administrative) for any Federal employee whose claim for compensation is denied by the Secretary, and any final determination is subject to review in the Federal courts.

The Secretary is authorized to utilize the personnel and facilities of the Puerto Rico and the Virgin Islands public-employment services and to delegate authority to officials of such agencies. The cost to these agencies of the administration of this act shall be added to and commingled with funds granted under the Wagner-Peyser Act of 1933 as amended.

State to which Federal service and wages are assignable.—This section prescribes the State law under which a Federal employee's rights to unemployment compensation will be determined. An individual's Federal service and Federal wages are to be assigned to the State in which he had his last official station in Federal service prior to his filing of his first claim for compensation with respect to a particular benefit year, with three exceptions: (1) If at the time that a Federal worker files such claim he resides in another State in which, after his separation from Federal service, he performed service covered under the State unemployment-compensation law, his Federal service and wages are to be assigned to such other State; (2) if his last official station in Federal service was outside of the United States his Federal service and wages are to be assigned to the State where he resides at the time he files his first claim with respect to the benefit year; (3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands his Federal service and wages are to be assigned to Puerto Rico or the Virgin Islands. For the purpose of clause (2) above, the "United States" means the States, District of Columbia, Alaska, and Hawaii. It does not include Puerto Rico or the Virgin Islands.

It is contemplated that the assignment of an individual's Federal service and wages will not be changed during a benefit year. Furthermore, an assignment of Federal service and wages to a State is only to be with respect to the base period (the 1-year period for determining whether an individual has met the qualifying wage or employment requirement) specified in the unemployment-compensation law of that State. When the next benefit year for the individual is established, any additional Federal service and wages will again be assigned as is prescribed in this section. Whether they may be used will depend on whether they are in the individual's current base period.

Treatment of accrued annual leave.—Under this section an individual who receives a lump-sum payment for annual leave at the time of his separation from Federal service is considered to remain in Federal service during the period with respect to which he receives such payment, and such payment is considered to be "Federal wages." Any payments received during his Federal employment with respect to periods in which he is on leave are considered to be "wages." This section makes it clear that even after separation an individual may be considered as being in the Federal service for the period with respect to which he receives a terminal annual-leave payment.

Payments to States.—This section provides that the United States will pay to each State which has an agreement with the Secretary an amount equal to the additional cost to the State of payments made to Federal workers. Such payments by the United States may be either by advances or reimbursements. Provision is made for the Secretary of Labor to certify periodically to the Secretary of the Treasury the amount payable to each State.

This section provides also that, for the purpose of payments of administrative costs of State unemployment-compensation laws, administration pursuant to an agreement under this title is to be considered as part of the administration of such State laws.

Information.—This section requires all Federal agencies subject to this title to furnish to State agencies, or to the Secretary where the

program is not operated by a State, all information which the Secretary determines is necessary and practicable to determine whether a claimant is entitled to benefits. A further provision in this section places in these Federal agencies instead of the State agencies or the Secretary, the sole authority to make whatever findings are necessary on certain issues. These issues are (1) whether a worker is covered by this title, (2) the length of his period of covered service, (3) the amount of his covered wages, and (4) the reasons for termination of his service.

The States, or the Secretary where appropriate, would continue to make the findings on all other issues, as well as the final determination as to whether the claimant is entitled to benefits. They would, for example, determine whether a particular reason for termination of a worker's service constitutes discharge for misconduct or some other disqualifying factor. Only the finding of the Federal agency as to the reason for termination as well as on the other three enumerated issues, would be final and binding on the State agency and the Secretary.

This section also requires State unemployment-compensation agencies to furnish necessary information to the Secretary of Labor.

Penalties.—This section prescribes a penalty of a fine of not more than $1,000 or imprisonment for not more than 1 year, or both, for knowingly making a false statement of a material fact or failing to disclose such a fact to obtain or increase benefits under the title for oneself or for another.

This section also provides that the State agency, or the Secretary where a State is not operating the program, may recover benefits received through such misrepresentation or nondisclosure by requiring repayment or by deductions from future benefits. Recovery by repayment or recoupment can be required only if the finding of misrepresentation or nondisclosure is made after the claimant has been given an opportunity for a fair hearing, with any right to further appeal which is appropriate under the appeal provisions of this title. The section also limits recovery by recoupment to the 2-year period following the finding of misrepresentation or nondisclosure.

Regulations.—This section authorizes the Secretary to make necessary rules and regulations, and directs him, insofar as practicable, to consult with representatives of State agencies beforehand.

Appropriations.—This section authorizes appropriations to carry out the purposes of this title.

Section 4 (b). Bonneville Power employees

This subsection contains conforming amendments to sections 1606 (e) and 1607 (m) of the Internal Revenue Code. These sections of the code permit coverage under the State unemployment-compensation programs of certain services performed in the employ of the Bonneville Power Administrator. Inasmuch as the employees performing these services will be covered under the provisions of title XV of the Social Security Act, as added by section 4 (a) of the bill, section 1606 (e) and 1607 (m) of the code are made inapplicable with respect to such services performed after December 31, 1954.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill are shown as

follows (existing law proposed to be omitted is enclosed in black brackets; new matter is printed in italics; existing law in which no change is proposed is shown in roman):

INTERNAL REVENUE CODE

SEC. 1602. CONDITIONS OF ADDITIONAL CREDIT ALLOWANCE.

(a) STATE STANDARDS.—A taxpayer shall be allowed an additional credit under section 1601 (b) with respect to any reduced rate of contributions permitted by a State law, only if the Board finds that under such law—

(1) No reduced rate of contributions to a pooled fund or to a partially pooled account, is permitted to a person (or group of persons) having individuals in his (or their) employ except on the basis of his (or their) experience with respect to unemployment or other factors bearing a direct relation to unemployment risk during not less than the three consecutive years immediately preceding the computation date; or

(2) No reduced rate of contributions to a guaranteed employment account is permitted to a person (or a group of persons) having individuals in his (or their) employ unless (A) the guaranty of remuneration was fulfilled in the year preceding the computation date; and (B) the balance of such account amounts to not less than 2½ per centum of that part of the pay roll or pay rolls for the three years preceding the computation date by which contributions to such account were measured; and (C) such contributions were payable to such account with respect to three years preceding the computation date;

(3) No reduced rate of contributions to a reserve account is permitted to a person (or group of persons) having individuals in his (or their) employ unless (A) compensation has been payable from such account throughout the year preceding the computation date, and (B) the balance of such account amounts to not less than five times the largest amount of compensation paid from such account within any one of the three years preceding such date, and (C) the balance of such account amounts to not less than 2½ per centum of that part of the payroll or payrolls for the three years preceding such date by which contributions to such account were measured, and (D) such contributions were payable to such account with respect to the three years preceding the computation date.

For any person (or group of persons) who has (or have) not been subject to the State law for a period of time sufficient to compute the reduced rates permitted by paragraphs (1), (2), and (3) of this subsection on a three-year basis, the period of time required may be reduced to the amount of time the person (or group of persons) has (or have) had experience under or has (or have) been subject to the State law, whichever is appropriate, but in no case less than one year immediately preceding the computation date.

* * * * * * *

SEC. 1605. PAYMENT OF TAXES.

* * * * * * *

[(c) INSTALLMENT PAYMENTS.—The taxpayer may elect to pay the tax in four equal installments instead of in a single payment, in which case the first installment shall be paid not later than the last day prescribed for the filing of returns, the second installment shall be paid on or before the last day of the third month, the third installment on or before the last day of the sixth month, and the fourth installment on or before the last day of the ninth month, after such last day. If the tax or any installment thereof is not paid on or before the last day of the period fixed for its payment, the whole amount of the tax unpaid shall be paid upon notice and demand from the collector.]

(c) *TIME FOR PAYMENT.—The tax shall be paid not later than January 31, next following the close of the taxable year.*

(d) EXTENSION OF TIME FOR PAYMENT.—At the request of the taxpayer the time for payment of the tax [or any installment thereof] may be extended under regulations prescribed by the Commissioner with the approval of the Secretary, for a period not to exceed six months from the last day of the period prescribed for the payment of the tax [or any installment thereof]. The amount of the tax in respect of which any extension is granted shall be paid (with interest at the rate of one-half of 1 per centum per month) on or before the date of the expiration of the period of the extension.

* * * * * * *

SEC. 1606. INTERSTATE COMMERCE AND FEDERAL INSTRUMENTALITIES.

* * * * * * *

(e) The legislature of any State may, with respect to service to be performed after December 31, 1945, *and before January 1, 1955*, by a laborer, mechanic, or workman, in connection with construction work or the operation and maintenance of electrical facilities, as an employee performing service for the Bonneville Power Administrator (hereinafter called the Administrator), require the Administrator, who for purposes of this subsection is designated an instrumentality of the United States, and any such employee, to make contributions to an unemployment fund under a State unemployment compensation law approved by the Board under section 1603 and to comply otherwise with such law. Such permission is subject to the conditions imposed by subsection (b) of this section upon permission to State legislatures to require contributions from instrumentalities of the United States. The Administrator is authorized and directed to comply with the provisions of any applicable State unemployment compensation law on behalf of the United States as the employer of individuals whose service constitutes employment under such law by reason of this subsection.

* * * * * * *

SEC. 1607. DEFINITIONS.

When used in this subchapter—

(a) EMPLOYER.—The term "employer" does not include any person unless on each of some twenty days during the taxable year, each day being in a different calendar week, the total number of individuals who were employed by him in employment for some portion of the day (whether or not at the same moment of time) was [eight] *four* or more.

* * * * * * *

(m) CERTAIN EMPLOYEES OF BONNEVILLE POWER ADMINISTRATOR.—The term "employment" shall include such service as is determined by the Bonneville Power Administrator (hereinafter called the Administrator) to be performed after December 31, 1945, *and before January 1, 1955*, by a laborer, mechanic, or workman, in connection with construction work or the operation and maintenance of electrical facilities, as an employee performing service for the Administrator. The term "wages" means, with respect to service which constitutes employment by reason of this subsection, such amount of remuneration as is determined (subject to the provisions of this section) by the Administrator to be paid for such service. The Administrator is authorized and directed to comply with the provisions of the internal revenue laws on behalf of the United States as the employer of individuals whose service constitutes employment by reason of this subsection.

SOCIAL SECURITY ACT

* * * * * * *

TITLE XV—UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

DEFINITIONS

SEC. 1501. When used in this title—

(a) The term "Federal service" means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term shall not include service performed—

(1) by an elective officer in the executive or legislative branch of the Government of the United States;

(2) as a member of the Armed Forces of the United States;

(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);

(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code;

(5) outside the United States by an individual who is not a citizen of the United States;

(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

(9) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

(12) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States.

For the purpose of paragraph (5) of this subsection, the term "United States" when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

(b) The term "Federal wages" means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

(c) The term "Federal employee" means an individual who has performed Federal service.

(d) The term "compensation" means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

(e) The term "benefit year" means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

(f) The term "Secretary" means the Secretary of Labor.

COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

(b) Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 had been included as employment and wages under such law.

(c) Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

(d) Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.

COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or

wages sufficient to qualify for any compensation, during the benefit year under the law of such State, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final decisions of the Secretary of Health, Education, and Welfare under title II.

(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such Act, the furnishing of such personnel and facilities shall be deemed to be a part of the administrations of the public employment offices of such agencies.

STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal serviec and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federol service prior to the filing of his first claim for compensotion for the benefit year, except that—

(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal serviee and Federal woges sholl be assigned to such other State;

(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

TREATMENT OF ACCRUED ANNUAL LEAVE

SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of accumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concerning allocation over the period, such payment shall constitute Federal wages.

PAYMENTS TO STATES

SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive

under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

INFORMATION

SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

(1) whether the employee has performed Federal service,
(2) the periods of such service,
(3) the amount of remuneration for such service, and
(4) the reasons for termination of such service.

The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency or errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c).

(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303.

PENALTIES

SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

(B) as a result of such action has received any amount as compensation under this title to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the two-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 1502 (c) and 1503 (c).

(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and credited to the current applicable appropriation, fund, or account from which payment was made.

REGULATIONS

SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

APPROPRIATIONS

SEC. 1510. There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title.

○

Calendar No. 1808

83D CONGRESS
2D SESSION

H. R. 9709

[Report No. 1794]

IN THE SENATE OF THE UNITED STATES

JULY 9 (legislative day, JULY 2), 1954
Read twice and referred to the Committee on Finance

JULY 12 (legislative day, JULY 2), 1954
Reported by Mr. MILLIKIN, without amendment

AN ACT

To extend and improve the unemployment compensation program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective with respect to services performed after December 31, 1954, section 1607 (a) of the Internal Revenue Code is hereby amended by striking out "eight or more" and inserting in lieu thereof "four or more".

SEC. 2. Effective with respect to rates of contributions for periods after December 31, 1954, section 1602 (a) of the Internal Revenue Code is hereby amended by adding after paragraph (3) the following:

"For any person (or group of persons) who has (or

have) not been subject to the State law for a period of time sufficient to compute the reduced rates permitted by paragraphs (1), (2), and (3) of this subsection on a three-year basis, the period of time required may be reduced to the amount of time the person (or group of persons) has (or have) had experience under or has (or have) been subject to the State law, whichever is appropriate, but in no case less than one year immediately preceding the computation date."

SEC. 3. Effective with respect to the taxable year 1955 and succeeding taxable years—

(1) section 1605 (c) of the Internal Revenue Code is hereby amended to read as follows:

"(c) TIME FOR PAYMENT.—The tax shall be paid not later than January 31, next following the close of the taxable year."; and

(2) section 1605 (d) of the Internal Revenue Code is hereby amended by striking out "or any installment thereof" each place it appears.

SEC. 4. (a) The Social Security Act, as amended, is further amended by adding after title XIV thereof the following new title:

"TITLE XV—UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

"DEFINITIONS

"SEC. 1501. When used in this title—

"(a) The term 'Federal service' means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term shall not include service performed—

"(1) by an elective officer in the executive or legislative branch of the Government of the United States;

"(2) as a member of the Armed Forces of the United States;

"(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999);

"(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code;

"(5) outside the United States by an individual who is not a citizen of the United States;

"(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis;

"(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

"(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

"(9) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

"(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment; or

"(12) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively

of individuals otherwise in the full-time employ of the United States.

For the purpose of paragraph (5) of this subsection, the term 'United States' when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

"(b) The term 'Federal wages' means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

"(c) The term 'Federal employee' means an individual who has performed Federal service.

"(d) The term 'compensation' means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

"(e) The term 'benefit year' means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

"(f) The term 'Secretary' means the Secretary of Labor.

"COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

"SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

"(b) Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 had been included as employment and wages under such law.

"(c) Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section shall be subject to review in the same

manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

"(d) Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.

"COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

"SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under the law of

such State, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final

determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final desisions of the Secretary of Health, Education, and Welfare under title II.

"(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such Act, the furnishing of such personnel and facilities shall be deemed to be a part of the administration of the public employment offices of such agencies.

"STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

"SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal service and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federal service prior to the filing

of his first claim for compensation for the benefit year, except that—

"(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal service and Federal wages shall be assigned to such other State;

"(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

"(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

"TREATMENT OF ACCRUED ANNUAL LEAVE

"SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of ac-

cumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concerning allocation over the period, such payment shall constitute Federal wages.

"PAYMENTS TO STATES

"SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

"(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

"(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State

sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

"(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

"(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

"(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

"(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

"(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law.

"INFORMATION

"SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

"(1) whether the employee has performed Federal service,

"(2) the periods of such service,

"(3) the amount of remuneration for such service, and

"(4) the reasons for termination of such service. The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency of errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c).

"(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303.

"PENALTIES

"SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

"(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

"(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

"(B) as a result of such action has received any amount as compensation under this title to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the two-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 1502 (c) and 1503 (c).

"(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and cred-

ited to the current applicable appropriation, fund, or account from which payment was made.

"REGULATIONS

"SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

"APPROPRIATIONS

"SEC. 1510. There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title."

(b) Section 1606 (e) and section 1607 (m) of the Internal Revenue Code are each hereby amended by inserting after "December 31, 1945," the following: "and before January 1, 1955,".

Passed the House of Representatives July 8, 1954.

Attest: LYLE O. SNADER,

Clerk.

Calendar No. 1808

83D CONGRESS
2D SESSION

H. R. 9709

[Report No. 1794]

AN ACT

To extend and improve the unemployment compensation program.

JULY 9 (legislative day, JULY 2), 1954
Read twice and referred to the Committee on Finance

JULY 12 (legislative day, JULY 2), 1954
Reported without amendment

SENATE

11. FLOOD CONTROL. Passed, 77 to 2, with amendments H. R. 9859, the omnibus flood control bill, which authorizes $20,000,000 additional to this Department for work on watersheds. Senate conferees were appointed. (pp. 14118-37.)

12. FOREIGN AID; SURPLUS COMMODITIES. Agreed to the conference report on H. R. 9924 (see item 4 above) (pp. 14076, 14138-9).

13. PERSONNEL. Agreed to the conference report on H. R. 2263, the fringe-benefits personnel bill (p. 14138).

Passed with amendments H. R. 9709, to extend and improve the unemployment compensation program, which includes a provision extending it to approximately 2.5 million Federal employees (pp. 14144-7).

Passed with amendment H. R. 9909, to prohibit payment of Government retirement benefits to persons convicted of certain offenses (pp. 14148-52). Agreed to a Williams amendment extending from 3 to 5 years the statute of limitations on certain crimes (pp. 14149-52).

Sen. Knowland submitted amendments he intends to propose to H. R. 7774, to establish a uniform system of granting incentive awards to Federal employees (p. 14076).

14. COMMODITY CREDIT CORPORATION. The amendment by Sen. Holland (see Digest 157) to H. R. 9756, to increase the borrowing power of CCC from $8.5 billion to $10 billion, would include mangoes in the provision which would prohibit imports of certain commodities that do not comply with USDA marketing orders. The amendment also would make this provision effective upon the enactment of H. R. 9756 or the Agricultural Act of 1954, whichever occurs later.

15. NOMINATION. Received the nomination of Herbert Hoover, Jr., to be Under Secretary of State (p. 14170).

16. INVESTIGATIONS; PERSONNEL. Concurred in the House amendments to S. 2308, to give the Attorney General concurrent jurisdiction over investigation of violations of title 18 of the U. S. Code (regarding crimes) by Government officers and employees, except for members of the armed forces and the Post Office Department (p. 14139). This bill will now be sent to the President.

17. CONVENING OF CONGRESS. Passed without amendment H. J. Res. 585, to provide that the 84th Congress shall convene at noon on Wed., Jan. 5, 1955 (p. 14097). This measure will now be sent to the President.

18. COMPTROLLER GENERAL. Passed without amendment S. 3868, to authorize the payment of salary to any individual given recess appointment as Comptroller General of the U. S. before the beginning of the 84th Cong. (pp. 14080-1).

19. LEGISLATIVE PROGRAM. H. R. 9756, increasing the borrowing power of CCC from $8.5 billion to $10 billion, was made the unfinished business (p. 14152). The "Daily Digest" states that there will be a call of the calendar and consideration of various conference reports during Wed. (p. D996).

ITEMS IN APPENDIX

20. FARM PROGRAM. Rep. Hunter inserted his summary of the accomplishments of this Congress and the administration in the field of agriculture and related

matters (pp. A6081-6).

Sen. Beall inserted a Baltimore Sun editorial, "An Investment Pays Off," commending the President for the progress of his legislative program and stating that his program, "designed to bring more resiliency into the whole structure of farm supports, was argued before the true farmers of the country as if he and Secretary Benson had never heard of the political farmers" (p. A6098).

Sen. Thye inserted a St. Paul Pioneer Press article, "Benson Strategy," discussing passage of the farm bill and stating that "the result is being widely hailed as a personal triumph for Secretary Benson" (p. A6099).

21. MARKETING. Rep. Church inserted a Federal Reserve Bank (Chicago) agricultural letter discussing rising marketing costs and the share of the farmers and the middlemen (pp. A6087-8).

Rep. Hill inserted his recent address before the Annual Convention of the Independent Grocers Alliance discussing the problems of marketing, food distribution, and "the battle against waste of fruit and vegetables" (pp. A6092-3).

22. TAXATION. Extension of remarks of Reps. Knox and Berry giving some of the highlights of the new tax law (pp. A6088-90, A6129-30).

23. DROUGHT RELIEF. Extension of remarks of Rep. Moulder criticizing the administration of the drought relief program and inserting a Daily Democrat-Leader (Fayette, Mo.) article stating that "we say it is a rotten deal and not worth the price of the airplane tickets Washington spent to send men out here to decide which class of farmer they would try to help" (p. A6101).

Rep. Hill inserted a statement explaining assistance available under the drought-relief program (pp. A6118-9).

24. FOREIGN TRADE. Rep. Bailey inserted O. R. Strackbein's (chairman of the Nationwide Committee of Industry, Agriculture, and Labor on Import Policy) statement discussing to what "extent imports may be injurious, a matter of indifference or even helpful" (pp. A6106-8).

25. FARM LABOR. Rep. Rooney inserted a Nat'l Catholic Weekly Review America commenting on the Mexican "wetback" problem (p. A6109).

26. PRICE SUPPORTS. Sen. Thye inserted a Washington Post and Times Herald editorial and his letter in response to the editorial which he said "clearly and unmistakably" impugn the motives of those Members of the Senate who opposed changing the level of farm price supports (pp. A6119-20).

BILLS INTRODUCED

27. PERSONNEL; HOLIDAYS. S. Con. Res. 105, by Sen. Johnston (introduced Aug. 13), to excuse Government employees from work on the afternoon of Aug. 31, 1954, to attend the parade of The American Legion in D. C.; to Post Office and Civil Service Committee.

28. FARM LOANS. S. 3877, by Sen. Gillette, to accelerate establishment of comprehensive soil- and water-conserving works on private and public property through provision of appropriate credit for conservation, reforestation, and water-control work; to Agriculture and Forestry Committee (p. 14075). Remarks of author (pp. 14075-6).

ural that he should resist at every step, and these controversies are increasing. Unless we write a fair law, I believe they will soon clog the docket of the tax court.

Mr. President, we must remember that when we faced the recent emergency and looked at the machine tool industry to produce the necessary tools and equipment, our Government went to the best companies in the business to get the job done. Our leading machine tool manufacturers became the prime contractors—and in most cases devoted all of their production to Government contracts. Why should they not be given at least the same consideration and treatment as those companies which supplied tools and machines as subcontractors. That is what section 4 proposes to correct—and my amendment would make that correction retroactive to years on or after March 31, 1951.

Mr. MILLIKIN. I may say to the distinguished Senator from Pennsylvania that the Board has already finished many of the 1951 and 1952 cases. I am afraid the Senator's amendment would open up the whole subject and cause endless confusion by going back into those years.

If the bill be studied, I think it will be found that the machine-tool companies have been pretty well treated. I read a part of the mechanism for handling machine tools. It gives a good example of how they have been treated in the bill. I think it would be a mistake to put something in the bill which would have a retroactive effect with respect to opening up 1951 and 1952 cases, as to which determination already has been made.

Mr. MARTIN. Mr. President, I yield the remainder of my time to the distinguished Senator from Connecticut [Mr. BUSH].

Mr. BUSH. Mr. President, the machine-tool industry is one of the more important employers of labor in my State. It is a very important part of our economy and, therefore, is something in which we are very much interested. The feast-or-famine nature of the machine-tool industry has been such over the years that, I believe, it deserves some special consideration, such as the committee of which the distinguished Senator from Pennsylvania [Mr. MARTIN] is chairman is prepared to accord it.

I speak in support of the amendment offered by the Senator from Pennsylvania. I have in my hand the committee report. On page 3, in the paragraph entitled "Prime Contracts for Machine Tools," I read the following:

> The fact that many Government purchases of machine tools at the present are for stockpiling purposes makes this amendment essential. By making sales of this type to the Government, the industry is, in effect, destroying the future market for its products because the eventual release of the Government stockpile will serve to satisfy normal demand. Thus, the amendment merely requires recognition of the fact that defense use can be expected to represent only a portion of the useful life of the equipment sold under prime contracts.

One of my constituents, who is active in this industry has written me as follows. This may be directly in point with what the distinguished Senator from Colorado has said:

> We do not believe that there can be any objection of substance to the full retroactive application of the recommended change in partial mandatory exemption. Any objection based upon workload or administrative difficulty should yield to the equity and justice of the complete application of the principle involved in such change. Contractors who are involved, if they see fit, should have an opportunity to assume the workload which falls primarily on them.

The question I wish to ask the Senator from Colorado is this: If this kind of amendment, this kind of concession, is good for 1 year, why is it not good all the way back?

Mr. MILLIKIN. Every problem of taxation involves the same question. Assuming we are progressive with our tax laws, a taxpayer can easily say, "If this is right now, why has it not been right during the past 20 years?" Following that theory, one would never reach a point of repose in the taxation statutes.

Mr. BUSH. I certainly agree with the Senator that speaking particularly in connection with matters of tax law, the tax laws change from time to time. But we say that it was right in 1952, and on this particular point it was right in 1952. It seems to me they are exactly the same. I do not see why the distinguished Senator from Colorado will not take this excellent amendment under his wing.

Mr. MILLIKIN. The reports for 1953 are not yet available. The time was extended until September 1, in order to accommodate those making such reports.

Mr. BUSH. All we wanted to get was special treatment for the machine tool companies, and to extend the time back to that date.

Mr. MILLIKIN. I hope the Senator from Connecticut will not press the amendment at this time, because the Committee on Finance has much business yet to consider with the House Committee on Ways and Means. Conferences are being held now on other bills, and we are not reaching agreements very fast. We shall be sending many bills to conference, and they will certainly be killed if we include a number of amendments such as this. I hope the Senator will not press the amendment.

Mr. SMATHERS. Mr. President, would the Senator from Colorado object to an amendment on page 4, line 10, to include a definition of "standard commercial articles"? The amendment would be, after the semicolon, to insert "or" and between lines 10 and 11 to insert the following:

> 3. Which is the subject of any contract designed to modernize, repair, and/or increase the United States merchant marine fleet.

To be perfectly frank with the Senator, there are in Florida a number of small shipyards which have entered into competitive bidding for contracts with the Government, and which have received contracts after competitive bidding. From the contracts in each instance they have realized profits, which have not been large. Nonetheless, the contracts are subject to renegotiation, and the companies do not know what they can do so far as future reinvestment is concerned. They feel, and I share their feeling, that they are not proper subjects for renegotiation of contracts, and possibly one way in which they could be helped would be by the adoption of such an amendment as I have suggested.

Mr. MILLIKIN. It has been suggested that contractors such as the Senator has in mind could get assistance under the discretionary powers of the Board.

The Senator is a distinguished member of the Finance committee. Let him bring such a situation to our attention. I do not believe objection will be made. I should dislike very much to include anything in the bill which would be likely to prevent an agreement in conference. I am afraid that by agreeing to this amendment we would have another point upon which we could not agree.

Mr. SMATHERS. I appreciate the position of the distinguished Senator as to the inadvisability of writing a technical bill on the floor. For that reason, I certainly shall not press the amendment. However, I appreciate the distinguished Senator's statement that, in his opinion, he does not believe the Renegotiation Board would be justified in renegotiating the contract of a small contractor which was obtained on a purely competitive basis, and who has obviously not made an excessive profit. Nevertheless, he must stand in readiness, with what little profit he has, in the event the Renegotiation Board might find against him and take a part of his profit away from him.

Mr. MILLIKIN. I would not wish to pass judgment on a case as to which I do not know all the facts; but, as I have said, the distinguished Senator from Florida is a member of the Committee on Finance; and if the Renegotiation Board should not use its discretionary powers with wisdom, I hope the Senator will let us know about it.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Pennsylvania [Mr. MARTIN].

The amendment was rejected.

Mr. MARTIN. In connection with section 5 of the bill, I wish to ask the distinguished chairman of the Committee on Finance a question. Before doing so, I desire to ask if he has had an opportunity to read a brief excerpt from the committee hearings on H. R. 6287, which I placed in his hands.

Mr. MILLIKIN. Mr. President, I shall be completely candid. Probably I did. But when I go from the Chamber to my office, or from my office to the Chamber, it almost always happens that someone pushes papers into my hand. Usually I read them. But I would not be completely candid if I were to say with certainty that I had read what the Senator from Pennsylvania handed me.

Mr. MARTIN. The distinguished Senator from Colorado is entirely too

young a man to forget such things. When one is my age, it is a little different.

The excerpt is taken from the printed hearings, pages 31 and 32, and is a colloquy between the chairman of the Committee on Finance and Frank L. Roberts, one of the members of the Renegotiation Board. It demonstrates the point I wish to bring out.

My question concerns whether or not excessive profits can result from sales made to the Government when those sales are made under published, competitive prices. I believe it is the view of the chairman of the Senate Finance Committee, and it is my view, that profits made as a result of sales to the Government are not excessive when they are made in a completely competitive market.

The Renegotiation Board has taken the position in some instances that excessive profits may result merely from volume of business. I do not believe that was intended by the Renegotiation Act. I concede that the Renegotiation Board has a right to review the sales of any company in order to establish the validity of the competitive conditions. I deny that the Board may find profits excessive on the basis of volume of business, when fully competitive prices prevail.

Mr. MILLIKIN. In most cases I do not see how the Renegotiation Board could possibly make a finding of excessive profits where complete, full competitive conditions prevailed. If one wants to use his imagination, he can say that war produces a necessity for buying all sorts of materials when there is no time to figure out the right designs, no experience of buying that type of article, or the volume is such that the unit cost shrinks below the cost which was projected. Perhaps something could be made of that argument, but I think the Renegotiation Board should go very slow with that kind of reasoning.

Mr. MARTIN. I appreciate the very fine statement of the distinguished chairman of the Finance Committee.

Mr. President, I now ask unanimous consent to have printed in the RECORD at this point in my remarks an excerpt from the hearings on H. R. 6287, held on February 25, 1954, as found on pages 31 and 32.

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

The CHAIRMAN. Let us assume complete fairness of competition. Let us assume that there is competition, that there is lively competition. Is it your contention that if what you consider to be an inordinate profit develops out of that kind of a field, that it is subject to renegotiation?

Mr. ROBERTS. Mr. Chairman, I would like to answer that by saying that I do feel that it is subject to renegotiation, but that does not imply that there will be a reduction in the price through a refund in renegotiation.

The CHAIRMAN. What, then, does that mean?

Mr. ROBERTS. It means that the Government has a right to review or renegotiate profits from the Government business in that instance.

The CHAIRMAN. Let me ask you this again. Assuming that there is full and free competition and a profit is made which you consider to be a comparatively large profit, do you consider that to be subject to renegotiation?

Mr. ROBERTS. Again, I say it is subject to renegotiation, but I do not wish to imply that under those conditions the Board would find that it had to make finding of excessive profits.

The CHAIRMAN. Then, you do not quarrel with the contention that if the article is in free competition, genuine free competition, that it should be renegotiated?

Mr. ROBERTS. I do not, not since I understand you to mean being renegotiated, means to have a refund exacted.

The CHAIRMAN. I am assuming that out of an article in free competition, someone makes a large profit. Do you believe that that should be renegotiated?

Mr. ROBERTS. No, sir; not in the sense that I understand you to mean it.

The CHAIRMAN. Is that the feeling of the Board?

Mr. ROBERTS. I believe so, sir.

The CHAIRMAN. Then, we come back again to the proposition that what you are really fussing about is that you want the contractor to submit the data from which you can take a look at the picture and determine whether there has been free competition and other factors that you take into consideration?

Is that correct?

Mr. ROBERTS. That is correct.

Senator FLANDERS. Mr. Chairman, may I pursue this just a little further? It seems to me this raises a question as to whether any profit under free competition, if it happened to be large, is inordinate. That is a fundamental question. With free competition and a large profit, is that profit inordinate? Is it socially inordinate or is it inordinate from the Government's standpoint? Certainly it is there, and if the Government can reach its hand into it and bring some of it back, is that a good thing, when private purchasers are well content to pay the price under free competition which gives the so-called inordinate profit?

The CHAIRMAN. As I have understood the witness, in that case, assuming free competition, they would not be interested in renegotiating profits. That would be assuming free competition. Am I correct in that?

Mr. ROBERTS. You are, sir.

The PRESIDING OFFICER. If there be no further amendments to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill (H. R. 6287) was read the third time and passed.

IMPROVEMENT OF UNEMPLOYMENT COMPENSATION PROGRAM

Mr. MILLIKIN. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of H. R. 9709.

The PRESIDING OFFICER (Mr. BARRETT in the chair). Is there objection to the unanimous-consent request?

Mr. SMATHERS. Mr. President, reserving the right to object, I wonder if there has been an agreement to suggest the absence of a quorum. There was no request on this side.

Mr. MILLIKIN. I have had no request, but——

The PRESIDING OFFICER. The clerk will state the bill by title.

The CHIEF CLERK. A bill (H. R. 9709) to extend and improve the unemployment compensation program.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

There being no objection, the Senate proceeded to the consideration of the bill (H. R. 9709) to extend and improve the unemployment compensation program.

Mr. SMATHERS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, H. R. 9709 would extend the unemployment insurance system to 4 million additional workers. The bill would make the following four important improvements in the system:

First. It will enable some 1.3 million workers throughout the country to gain the right to unemployment insurance benefits from which they are now excluded, by making the Federal unemployment tax applicable to firms employing 4 or more workers in each of 20 weeks. Present law limits the incidence of the Federal tax to employers with 8 or more workers in the same period.

Second. Some 2.5 million Federal workers who, up to this time, have never had any protection against layoff or job suspension, will be covered by the bill. Thus, for the first time the Federal Government would provide for its own employees, the same right to unemployment benefits which it now requires private employers to provide.

Third. A revision of the experience rating factor will make it possible for the States to encourage the development of new business enterprises. Such new enterprises are now placed at a competitive disadvantage over established employers in the amount of their tax because present law sets a waiting period of 3 years before permitting new businesses the "experience rating" tax reductions. H. R. 9709 would permit States to lower this waiting period to 1 year, thus helping to equalize the burden of the employer tax.

COVERAGE OF FIRMS EMPLOYING FOUR OR MORE INDIVIDUALS

The extension of coverage of the system to additional workers is in line with the recommendations of President Eisenhower. In his Economic Report of January 1954, he called upon the Congress to "amend the present law to cover employees of businesses with fewer than 8 employees, on the ground that such workers need protection no less than those of larger, and often more stable, enterprises"—Economic Report of the President, January 1954, page 97.

The case for a further extension of unemployment insurance to uncovered groups is really a very simple one. If unemployment insurance is a good thing for two-thirds of the workers in this

country who now are covered, certainly it is a good thing for as many more workers as can be covered without creating excessive administrative problems. It has been clear for some time that it would be practical, administratively, to broaden the coverage by Federal action to firms employing four or more individuals. The majority of State systems have already had experience with coverage of small firms. In 17 States, employers hiring 1 or more workers are covered. Two States cover firms employing 3 or more, 8 States—New York, New Jersey, Rhode Island, Connecticut, Louisiana, Kentucky, New Hampshire, and Oregon—now have coverage of firms hiring 4 or more employees, as provided in this bill.

Federal responsibility for determining the minimum number of employees per firm subject to the Federal-State unemployment insurance system was clearly established at the time of enactment of the Social Security Act. By requiring coverage of firms employing 4 or more individuals instead of 8 or more, as is provided in present law, the Federal Government would be continuing to exercise the role assigned to it when the program was enacted in 1935. Now that we are assured that the States have the administrative know-how to cover smaller firms we can proceed to give unemployment insurance protection to workers who have been excluded from the system because of administrative difficulties.

The tragedy of unemployment is no less severe for a man or woman because he or she happens to work for a small firm instead of a large firm with thousands of workers. This is the vital human consideration which calls for prompt enactment of H. R. 9709.

COVERAGE OF FEDERAL EMPLOYEES

The second major contribution this bill would make is its provision for the coverage of 2.5 million Federal workers under the unemployment insurance system. In his Economic Report for 1954, the President said:

> A worker laid off by a Government agency gets no insurance benefits despite the fact that in many types of Federal jobs he is as vulnerable to layoff or dismissal as the factory worker. It is recommended that Congress include in the insurance system the 2.5 million Federal civilian employees under conditions set by the States in which they last worked, and that it provide for Federal reimbursement to the State of the amount of the cost, estimated to be about $25 million for the fiscal year ending in 1955.

H. R. 9709 would put this recommendation into effect. It provides unemployment insurance for Federal civilian workers who are employed in the United States, including Puerto Rico or the Virgin Islands, and elsewhere, if citizens of the United States. Unemployment compensation will be payable to such Federal workers who are unemployed after December 31, 1954. A Federal worker's right to benefit is to be determined under the unemployment-compensation law of the State to which his Federal services and wages are assigned. Usually, this will be the State in which the worker had his official station when he became unemployed, or, if he has been in Foreign Service, the State in which he resides when he files his claim. Compensation will not be paid for the period with respect to which accrued annual leave is paid upon separation.

The Secretary of Labor is authorized to enter into agreements with each State, under which the State unemployment compensation agency will make benefit payments as agent for the United States and will be reimbursed by the United States for any additional costs of such payments. If a State does not have such an agreement, the Secretary will make the unemployment-compensation payments and will apply the benefit standards and other provisions of the law of such State. Unemployed workers filing a claim in Puerto Rico or the Virgin Islands will be paid according to the benefit standards and other provisions of the unemployment-compensation law of the District of Columbia.

Now let us look at some of the special conditions of their employment which call for unemployment insurance for Federal workers. Federal civilian employees face the risk of unemployment on about the same degree as do non-Government workers in he same kind of employment.

In this connection, it is important to note that approximately one-fourth of all Federal employees are so-called wage-board, or blue-collar, workers, such as mechanics, helpers, and other such employees in navy yards, arsenals, air installations, and other Government facilities. Moreover, the separation rate for wage-board employees is higher than that for all Federal employees. In 1953 it averaged 2.9 percent per month, as compared with 2.2 percent for all Federal employees. Unless we act promptly to extend coverage to Federal employees, we are asking these blue-collar workers performing jobs vital to national defense to surrender their right to unemployment benefits for any period during which they work for the Federal Government. This is not wise, it is not fair, and it is not just. H. R. 9709 would correct this inequity.

Because there has been no experience with an unemployment-compensation system for Federal workers, cost estimates are necessarily rough. Tentative estimates of the Department of Labor put the annual cost at $35 million.

The enactment of H. R. 9709 would mark a major step forward in the working conditions of some 2.5 million Government workers. May I remind the Senate that the bulk of this protection would not be limited to Washington, as only about 10 percent of Federal employees live in the District of Columbia metropolitan area. The other 90 percent are distributed throughout all of the States in the Union.

I am convinced that the Federal Government should provide unemployment-insurance protection for its employees which is at least comparable to that available for employees in private industry.

EXPERIENCE RATING

The third section of the bill which makes a long-needed improvement in the unemployment insurance system is the one which reduces the cost of the Federal Unemployment Tax Act for new employers by authorizing the States to extend experience-rating tax reductions to new and newly covered employers after they have had at least 1 year of experience under the State law, instead of requiring them to wait 3 years as is required today. This section of the bill would carry out the recommendation of the President in his Economic Report of January 28, 1954, that "Congress allow the shortening, from 3 years to 1, of the period required to qualify for a rate reduction." In simple language, this amendment will permit States to base the rate for an employer with 1 year's experience on that single year, and to base the rate for an employer with 2 years of experience on those 2 years.

At least four types of employers may benefit from this provision: First, employers newly covered by an extension of the coverage of the State law as a result of the enactment of H. R. 9709; second, employers establishing a new business; third, out-of-State employers establishing new branches in a State, and fourth, veterans who are reestablishing their businesses when they return from military services.

ANNUAL PAYMENT OF TAX

Another improvement made by the bill in the administration of the program deserves our consideration. This is the provision which eliminates the right to pay the Federal unemployment insurance tax on a quarterly basis. The elimination of quarterly payments would not alter the present practice for most taxpayers. Some 85 percent of total taxes collected under the Federal law are now paid annually, rather than on a quarterly basis. Under the bill the practice which is followed on the part of most taxpayers would be made uniform and result in more efficient and more economical administration.

Mr. President, I urge the passage of H. R. 9709, and thus we would implement the recommendations of President Eisenhower to which I have referred and which are contained in his Economic Report of January 1954.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. MILLIKIN. Mr. President, I offer a series of amendments, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendments.

Mr. SMATHERS. Mr. President, are these the technical amendments?

Mr. MILLIKIN. No. This amendment follows a suggestion made to me, as chairman of the committee, by Arthur Larson, Under Secretary of Labor.

The PRESIDING OFFICER. Does the Senator desire the amendment read?

Mr. SMATHERS. Mr. President, I ask unanimous consent that the reading of the amendments be waived and that the Senator from Colorado be asked to explain them.

The PRESIDING OFFICER. Without objection, the amendments will be printed in the RECORD without reading.

There being no objection, the amendments offered by Mr. MILLIKIN were

ordered to be printed in the RECORD, as follows:

On page 1, in lines 4 and 5, strike out "section 1607 (a) of the Internal Revenue Code" and insert the following: "section 3306 (a) of the Internal Revenue Code of 1954."

On page 1, in line 6, strike out "four" and insert "4."

On page 1, in lines 8 and 9, strike out "section 1602 (a) of the Internal Revenue Code" and insert the following: "section 3303 (a) of the Internal Revenue Code of 1954."

On page 2, in lines 3 and 4, strike out "three-year" and insert "3-year."

On page 2, in line 8, strike out "one" and insert "1."

On page 2, strike out lines 10 through 19 and insert the following:

"SEC. 3. Effective with respect to the taxable year 1955 and succeeding taxable years, section 6152 (a) (3) of the Internal Revenue Code of 1954 is hereby repealed."

On page 3, in line 20, after "Code" insert "of 1939."

On page 4, in line 19, strike out "or."

On page 5, in line 2, strike out "States." and insert "States; or."

On page 5, after line 2, insert the following:

"(13) by an officer or a member of the crew on or in connection with an American vessel (A) owned by or bareboat chartered to the United States and (B) whose business is conducted by a general agent of the Secretary of Commerce, if contributions on account of such service are required to be made to an unemployment fund under a State unemployment compensation law pursuant to section 1606 (g) of the Internal Revenue Code of 1939 or section 3305 (g) of the Internal Revenue Code of 1954."

On page 16, in line 18, after "Code", insert "of 1939."

On page 16, after line 20, insert the following:

"(c) Effective with respect to services performed after December 31, 1954, section 3305 (e) and section 3306 (l) of the Internal Revenue Code of 1954 are hereby repealed."

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Colorado will be considered en bloc.

The question is on agreeing to the amendments.

Mr. THYE. Mr. President, may we have an explanation?

Mr. MILLIKIN. I am perfectly willing to make an explanation.

Mr. THYE. The amendments will appear in the RECORD, but we have no explanation.

Mr. MILLIKIN. Let me read the letter from Under Secretary Larson. It will explain the amendments, I think. This is a letter dated July 20, 1954, addressed to me by Arthur Larson, Under Secretary of Labor:

DEAR SENATOR MILLIKIN: Upon reexamining the provisions of House bill 9709 relating to unemployment compensation for Federal workers, we discovered the need for a minor amendment to avoid the possibility of duplication in Federal and State coverage of certain seamen. Last year Public Law 196 was enacted to add section 1606 (g) to the Internal Revenue Code to permit the States to cover under their unemployment insurance laws services performed by seamen who are employed on ships operated by general agents of the Secretary of Commerce. The Department of Commerce reimburses the general agents for their contributions paid to the States on behalf of these workers. All of the States concerned have taken action to cover these seamen. Since these seamen are Federal employees, it is necessary to amend H. R. 9709 to exclude these seamen from its coverage. Otherwise, there will be duplicate coverage of these seamen. Since these seamen constantly transfer between Government and private ships, it would seem more desirable not to disturb their coverage under State law.

I would, therefore, appreciate your introducing the attached amendment when H. R. 9709 comes up for consideration by the Senate. I am informed that Mr. REED, chairman of the Committee on Ways and Means of the House, will accept this amendment without requesting a conference on the bill.

Yours very truly,

ARTHUR LARSON,
Under Secretary of Labor.

The amendments would also conform to the provisions of the bill to the Internal Revenue Code of 1954.

The PRESIDING OFFICER. The question is on agreeing to the amendments en bloc offered by the Senator from Colorado [Mr. MILLIKIN].

The amendments were agreed to.

Mr. JOHNSON of Colorado. Mr. President, I desire to offer an amendment to the bill at page 1, line 4, to strike out "1954" and insert in lieu thereof "1956."

Mr. President, this is an important amendment, and it is one which is necessary. Unless we extend the time somewhat we shall catch many employers off base, without knowledge that this change has been made.

Under the present law any employer of eight or more people must report his employment and must pay a tax on his employment. That original provision was placed in the law by the States themselves.

I recall when the State of Colorado voted to have the formula fixed at 8 or more employees. I think all the State adopted that formula in the beginning.

There may be some very good reason for changing it to 4 or more employees instead of 8 or more. However, my contention is that employers have not had sufficient notice that this change was to be made.

I talked with the senior Senator from Georgia [Mr. GEORGE] today about this whole subject, and he told me he was very much opposed to suddenly changing the formula from 8 or more to 4 or more.

The effect of my amendment would be to postpone the effective date for 2 years. I think that is reasonable; I think it is fair; I think it is equitable; and I think it is absolutely necessary, unless we expect to have a great deal of disappointment on the part of many employers who will feel aggrieved that they have had no notice of this very important change.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CARLSON. May I ask the Senator to what page and line his amendment applies?

Mr. JOHNSON of Colorado. Page 1, line 4, strike out "1954" and insert in lieu thereof "1956." Such an amendment would postpone the action changing the formula from 8 or more to 4 or more for 2 years, and would give employers an opportunity to know that this change is contemplated rather than slipping up on them on their "blind side."

Furthermore, the legislatures of the various States would be given an opportunity to change their laws.

Mr. CARLSON. Mr. President, will the Senator further yield?

Mr. JOHNSON of Colorado. I am happy to yield to the Senator from Kansas.

Mr. CARLSON. The distinguished Senator from Colorado has served as governor of the great State of Colorado, and I held a similar office as governor of Kansas. I believe his amendment may have some merit. I wonder whether 2 years is not a longer period than is necessary. I should like to have the act become effective as soon as possible. I know that various States must act through their legislatures in order to have the act go into operation within their States. However, I think 2 years is a little too far to carry it forward.

Mr. JOHNSON of Colorado. Of course the legislatures ought to have an opportunity to act on the question, and they ought to have a right to make the determination. I invite the Senator's attention to the general statement in the report at page 2:

It may be appropriate that unemployment protection be extended into this fringe area—

That refers to the difference between 8 and 4—

but your committee believes that such extension should be left to State determination in the light of local variations in employment patterns.

That is what I am contending. That is why I believe the States ought to have an opportunity to act on the proposed change.

Of course the Senator from Georgia may have been mistaken, but he said to me that the Senate committee has not held hearings on this particular point, and it would be a grave error for the Senate to change that particular provision without employers throughout the Nation having notice of it.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. MILLIKIN. Does not the Senator feel that the suggestion of the Senator from Kansas [Mr. CARLSON], to provide a 1-year postponement, instead of a 2-year postponement, is better? The Federal tax would not become due until early in 1956, as the bill now stands. There would be sufficient time for employers to acquaint themselves with the system.

Mr. JOHNSON of Colorado. I wish to give the States an opportunity not only to acquaint themselves with the system, but to determine whether the system is right or wrong. Of course, the bill would have to go to conference. Probably the first thing that would happen in conference would be the suggestion that the period be changed from 2 years to 1 year. Probably that is what would come out of conference. If we go into conference with provision for a period of 2 years, perhaps it will be changed to 1 year in conference. If we go into conference with 1 year, perhaps it will be said, "What difference does it make.

We might as well make it effective on December 31, 1954."

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. There is a great deal of merit in the position taken by the senior Senator from Georgia [Mr. GEORGE]. He is not able to be present this evening, and I regret that he is not here, because I know he is very much concerned with this proposed change in the law. He has spoken to me several times about it.

Mr. CARLSON. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. CARLSON. I was wondering whether the distinguished Senator from Colorado would not agree, if we should accept an extension until the year 1955, that it might not be necessary to have a conference. In other words, the bill might go back to the House and the House might accept the 1-year extension, whereas a 2-year extension might require a conference.

I believe 1 year would be sufficient. Most legislatures meet at the beginning of 1955. It seems to me that would be sufficient time for legislatures to make necessary provisions and for employers to make provision. I sincerely hope the Senator will agree to that modification.

Mr. JOHNSON of Colorado. Of course, 1 year would be of great help.

Mr. THYE. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. THYE. I believe the Senator from Kansas has made an excellent suggestion, because if we should provide for an extension of 1 year the legislatures which meet in 1955 would have an opportunity to amend their laws and adjust themselves to whatever change the Federal law may require of them. That is all that should be necessary. They would be alerted. They would be in a position to take care of themselves. I am sure 1 year would be sufficient.

Mr. JOHNSON of Colorado. Of course, I should be glad to bow to the judgment of my colleagues. They think that 1 year would be about right.

Mr. MILLIKIN. Mr. President, will the Senator yield?

Mr. JOHNSON of Colorado. I yield.

Mr. MILLIKIN. I believe the case that has been made for a 1-year extension is a very persuasive one. The House might accept it. I feel confident that it would not accept an extension of 2 years.

Mr. JOHNSON of Colorado. Very well. I shall bow to the judgment of my colleague.

The PRESIDING OFFICER. Does the Senator from Colorado modify his amendment?

Mr. JOHNSON of Colorado. Mr. President, I modify my amendment so as to make it read "1955." I move to strike out "1954" and insert in lieu thereof "1955."

The PRESIDING OFFICER. The Senator modifies his amendment accordingly.

The question is on agreeing to the amendment of the Senator from Colorado [Mr. JOHNSON], as modified.

The amendment, as modified, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, its reading clerk, communicated to the Senate the intelligence of the death of Hon. PAUL W. SHAFER, late a Representative from the State of Michigan, and transmitted the resolutions of the House thereon.

The message announced that the House had passed, without amendment, the following bills of the Senate:

S. 417. An act conferring jurisdiction upon the United States District Court for the District of New Mexico, to hear, determine, and render judgment upon certain claims arising as a result of the construction by the United States of Elephant Butte Dam on the Rio Grande;

S. 2083. An act for the relief of Lawrence F. Kramer;

S. 2496. An act for the relief of Harvey Schwartz;

S. 2632. An act for the relief of the Epes Transportation Corp.;

S. 2801. An act for the relief of Graphic Arts Corp. of Ohio;

S. 3110. An act for the relief of the Portsmouth Sand & Gravel Co.;

S. 3251. An act to provide for the conveyance of certain mineral rights to Mrs. Pearl O. Marr, of Crossroads, N. Mex.; and

S. 3562. An act for the relief of the McMahon Co., Inc.

The message also announced that the House had severally agreed to the amendment of the Senate to the following bills of the House:

H. R. 1461. An act for the relief of Kenneth McRight;

H. R. 2781. An act for the relief of Nicholas Matook;

H. R. 3014. An act for the relief of Dr. Alfred L. Smith;

H. R. 3232. An act for the relief of Dennis F. Guthrie;

H. R. 3446. An act for the relief of Mrs. Emily Wilhelm;

H. R. 6290. An act to discontinue certain reports now required by law; and

H. R. 6529. An act for the relief of Raleigh Hill.

The message further announced that the House had severally agreed to the amendments of the Senate to the following bills of the House:

H. R. 1980. An act to authorize and direct the Commissioners of the District of Columbia to construct a bridge over the Potomac River in the vicinity of Jones Point, Va., and for other purposes;

H. R. 3384. An act for the relief of John B. Daniel, Inc.; and

H. R. 7853. An act to permit retired policemen, firemen, and teachers of the District of Columbia to waive all or part of their annuities, relief, or retirement compensation.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 2670) to provide for the termination of Federal supervision over the property of certain tribes, bands, and colonies of Indians in the State of Utah and the individual members thereof, and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 9757) to amend the Atomic Energy Act of 1946, as amended, and for other purposes.

The message also announced that the House had agreed to the following concurrent resolutions of the Senate:

S. Con. Res. 106. Concurrent resolution to correct an error in the enrollment of H. R. 1975, to amend section 2201 of title 28, United States Code, to extend the Federal Declaratory Judgments Act to the Territory of Alaska; and

S. Con. Res. 107. Concurrent resolution to correct an error in the enrollment of H. R. 8020, authorizing the transfer of certain property of the United States Government (in Klamath County, Oreg.) to the State of Oregon.

PERMANENT CARGO PREFERENCE BILL—RELEASE ISSUED BY COMMITTEE OF AMERICAN STEAMSHIP LINES

Mr. BUTLER. Mr. President, I ask unanimous consent to have inserted in the body of the RECORD a release issued by the Committee of American Steamship Lines with reference to the passage by the Congress of the permanent cargo preference bill.

There being no objection, the release was ordered to be printed in the RECORD, as follows:

Passage Thursday by the House of Representatives of permanent 50–50 legislation for American shipping will have a healthy effect on employment of merchant ships, seafaring and shoreside labor, and major ports in the country, C. C. Mallory, chairman of the Committee of American Steamship Lines, said today upon receiving word of the House action.

"This is excellent news for shipping, but also for all United States industry, depending as it does upon American-flag ships for export and import trade," he declared. "It is a major development in augmenting individual steamship lines' efforts to insure sufficient cargoes and expanded world trade in the months ahead."

He paid special tribute to what he termed the public-interest statesmanship of the Senate Subcommittee on Water Transportation, chairmanned by Senator JOHN M. BUTLER, Republican, of Maryland, and the House Merchant Marine and Fisheries Committee, headed by Congressman THOR C. TOLLEFSON, Republican, of Washington, for passage of the legislation through both Houses of Congress during this session.

Mr. BUTLER. Mr. President, I was especially pleased by the action of the House of Representatives last week in passing the cargo preference bill, S. 3233, which I introduced some time ago. Having as its purpose the mandatory requirement that at least 50 percent of all United States Government cargoes be transported in American vessels, this legislation crystallizes a long standing feel-

ing of growing substance and momentum that it is only reasonable for us to allocate this minimum portion of our cargoes to our privately owned vessels and that we would indeed be naive in not adhering to such a policy.

These opinions are not shared by many of our friends abroad, however, and as a typical illustration, I ask unanimous consent to have printed in the body of the RECORD at this point an editorial entitled "The Other Butler," which appeared in the July 8, 1954, edition of the British publication Shipbuilding and Shipping Record.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

THE OTHER BUTLER

On each side of the Atlantic there is a Butler. Here, he is Chancellor of the Exchequer now kindly disposed towards shipping—finding in it some useful metaphors for his speeches, and helping it to the limited extent he deems possible in present circumstances. In America he is a Senator, chairman of the Senate Water Transportation Subcommittee and a "staunch advocate of a strong American merchant marine." The Senator has just got through the Senate a bill which, if enacted, will perpetuate the 50–50 rule as applied to American Government-aid cargoes. Like the poor, it will always be with us. In fact, the principle has already been with us for a long time. It may not be generally appreciated that as far back as 1934 Congress passed a resolution (Public Resolution 17) that all exports financed through the Reconstruction Finance Corporation should be carried exclusively in United States flag ships if available. The principle of this legislation was given a certain degree of legislative force by the Merchant Marine Act of 1936, which decreed that "a substantial portion of American cargoes should be carried in American bottoms."

When Marshall aid was given to the war-torn countries of Europe, the cargoes were sent in American ships. No one could cavil at that; it would have been churlish to object to the "postfree" gift, even if, privately, some doubts were entertained as to its effects. In some quarters it was felt that the dollars which had to be spent on freights might have been more usefully employed in helping the countries concerned to get back on their feet. Then followed the succession of Mutual Security Aid, stockpiling and Government-financed cargoes, and the application of the 50–50 provision in every case. The necessary authority to insure this had to be written into every measure. Senator BUTLER'S bill seeks to make this provision a permanent part of all American legislation which has to do with Government-financed cargoes. It is known that the United States administration is opposed to the idea and, of course, it does not follow that every bill introduced into the American legislature emerges as an act.

In this country it is not always easy to know which is the "official" and which the "business" voice of America. The recommendations of the maritime subsidy policy report issued by the Department of Commerce includes one that Government efforts should be continued to minimize the effect of discriminatory practices of foreign nations against United States flag shipping. That is a proposal which every maritime nation opposed to flag discrimination could heartily support as applied to itself, as well as to America. But then we have Mr. James Stuart, president of the American Tramp Shipowners' Association, saying that the only hope for the survival of the tramp fleet is to have certain cargoes restricted to American-flag vessels in accordance with the terms of the Butler legislation. It is difficult to see what makes discrimination improper when directed against American ships, and proper when it is exercised in favor of them.

Across the Atlantic there is a readily understood desire not to have to depend on foreign ships if another war should unhappily break out. But when that is linked with a recommendation that, to quote the report referred to above, "all Government assistance in providing cargo and protection against unfair foreign competition should be provided" for the United States merchant fleet, all kinds of questions arise. Who is to define "unfair competition"? What is a "high-cost" country? (The United Kingdom, for example, is a "low-cost" country vis-a-vis America, but a "high-cost" country as compared with some of its foreign competitors.) If every maritime country demanded, and obtained, such help from its own government as this Commerce Department report suggests, chaos would result. Government intervention in normal commercial operations is rarely successful.

Mr. BUTLER. Mr. President, while I am honored to be compared with the distinguished Chancellor of the Exchequer of the United Kingdom, I would remind our British friends that recommendation No. 15, contained on page 120 of the Maritime Subsidy Policy Report of this Government, stipulated that "The cargo preference provision of existing law should be continued as a part of our national maritime policy."

Also, Under Secretary of Commerce Robert B. Murray, Jr., in testifying before the Senate Water Transportation Subcommittee on May 3, 1954 emphatically stated: "Cargo preference legislation has been of substantial assistance in providing a firm backlog for the United States overseas fleet. This type of aid should be continued as a part of our national shipping policy."

By way of further rebuttal, I would direct the attention of our allies to another editorial published by the Baltimore Sunday American on August 8, 1954, entitled "Why Not All?" which, Mr. President, I ask to be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

WHY NOT ALL?

The President of the United States has been asked by the heads of two of the leading maritime organizations of the country, the Merchant Marine Institute of New York and the American Steamship Association, to do what he can to break the legislative log jam now preventing approval of a bill vitally important to the American merchant marine.

The bill, unanimously passed by the United States Senate and already having the unanimous approval of the Merchant Marine Committee of the House of Representatives, is now unaccountably being held up by the House Rules Committee.

Its purpose is to require that at least half of the cargoes shipped under the foreign-assistance program paid for by the American Government be carried in American ships.

It is urgent that this be done, because the foreign-assistance cargoes comprise a great part of the total maritime traffic; and with foreign ships carrying most of it there is nothing left for American shipping lines to do but lay up their idle vessels—which is exactly what has happened to 171 ships very recently.

It would be a very reasonable requirement, and certainly a sound one, that American ships should get at least half of the maritime business for which the American people put up the money.

In fact, it would be an entirely proper requirement that all such cargoes be carried in American ships, since it seems rather silly that America should try to improve the prosperity of other countries and deliberately impair its own prosperity in the process.

Mr. BUTLER. Long did the British rule the seas and if left to them this domination would continue—at our expense. The announced policy of cargo preference, as now ratified by the Congress of the United States, offers a reasonable and essential protection for the preservation of the great American merchant marine.

PROHIBITION AGAINST PAYMENT OF GOVERNMENT RETIREMENT BENEFITS TO PERSONS CONVICTED OF CERTAIN OFFENSES

Mr. THYE. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. THYE. Mr. President, I ask unanimous consent that the order for the call of the roll be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. THYE. Mr. President, I have been informed by the majority leader that the next order of business would be Calendar No. 2261, Senate bill 2631, known as the Williams bill. I move that the Senate proceed to the consideration of Senate bill 2631.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (S. 2631) to prohibit the payment of Government retirement benefits to persons convicted of certain offenses.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota [Mr. THYE].

The motion was agreed to; and the Senate proceeded to consider the bill (S. 2631) to prohibit the payment of Government retirement benefits to persons convicted of certain offenses, which had been reported from the Committee on the Judiciary with amendments.

Mr. WILLIAMS. Mr. President, the pending business is now Senate bill 2631. However, House bill 9909 is before the Post Office and Civil Service Committee, which bill is the same in substance as the Senate bill. Therefore, I ask unanimous consent that the Committee on Post Office and Civil Service be discharged from the further consideration of House bill 9909, and that it be now considered in lieu of Senate bill 2631.

Mr. CLEMENTS. Mr. President, is the House bill a companion bill to the Senate bill?

Mr. WILLIAMS. It is. The House bill was introduced by Representative CRETELLA; and in order to expedite the legislation, I should like to have the Senate consider the House bill.

The PRESIDING OFFICER. Without objection, the Committee on Post Office

alien sheepherders (p. 14245).

10. RECLAMATION. Passed without amendment H. R. 5499, authorizing the Michaud Flats project, Idaho (p. 14239). This bill will now be sent to the President.

Passed with amendments H. R. 2235, to authorize the Santa Maria project, Calif. Rejected, 17-47, an amendment by Sen. Morse eliminating the provision making an exception as to the 160-acre limitation in this project. (pp. 14286-8, 14290-304.)

S. 1555, to authorize the upper Colo. River project, was made the unfinished business (p. 14304).

11. EDUCATION. Concurred in the House amendments to S. 3628, to provide a permanent program of assistance for school construction (p. 14262). This bill will now be sent to the President.

12. WATER COMPACT. Passed with amendments S. 2821, consenting to a compact among States for disposition of the waters of the Missouri River and its tributaries (pp. 14239-40, 14284-6).

13. NOMINATION of Herbert Hoover, Jr., to be Under Secretary of State, was confirmed (p. 14207).

14. INTERNATIONAL AGREEMENTS. Discussed and, on objection of Sen. Smathers, passed over S. 3067, to require that international agreements other than treaties, hereafter entered into by the U. S., be transmitted to the Senate within 30 days after execution thereof (pp. 14241-2).

15. FARM PROGRAM. Sen. Langer explained why he was absent during the vote on the conference report on H. R. 9680, the farm program bill, and said he would have voted against the report (p. 14223).

16. FARM PROGRAM; ECONOMIC SITUATION. Sen. Goldwater, in discussing some of the dangers confronting our economic system, criticized high rigid price supports and stated that the administration has taken a "very courageous and long needed step in the farm program," and Sen. Kefauver suggested these 3 factors to reduce agricultural surpluses: Increase employment to enlarge purchasing power, improve the school-lunch program, and lower tariffs (pp. 14209-13).

HOUSE

17. FLOOD CONTROL. Concurred in the Senate amendments to H. R. 9859, the omnibus flood-control bill, which includes a provision authorizing $20,000,000 additional to this Department for work on watersheds (pp. 14175-7). This bill will now be sent to the President.

18. PERSONNEL. Agreed to the conference report on H. R. 2263, the fringe-benefits personnel bill (pp. 14172-4). This bill will now be sent to the President.

Agreed to the Senate amendment to H. R. 9909, to prohibit payment of Government retirement benefits to persons convicted of certain offenses. The amendment extends from 3 to 5 years the statute of limitations on certain crimes. (pp. 14174-5.) This bill will now be sent to the President.

Concurred in the Senate amendments to H. R. 9709, to extend and improve the unemployment compensation program, which includes a provision extending it to Federal employees (p. 14197). This bill will now be sent to the President.

19. FOREIGN AID; SURPLUS COMMODITIES. Agreed to the conference report on H. R. 9924, to provide for family housing for military personnel and their dependents, to authorize the Secretary of Defense to procure such housing for military personnel in foreign countries through the use of foreign currencies obtained through sale of surplus agricultural commodities, and to make Defense Department appropriations available to reimburse CCC in an amount equivalent to the dollar value of the currencies used (p. 14175). This bill will now be sent to the President.

20. FOREIGN-AID APPROPRIATIONS BILL, 1955. The "Daily Digest" states that the conferees agreed to file a conference report on this bill, H. R. 10051, and that: "As agreed by the conferees the bill would provide total new funds of $2,781,499,816, a decrease from the Senate- and House-passed versions of $9,325,000 and $114,445,184, respectively. The figure agreed upon added to unobligated funds of $2,462,075,979 would make a grand total of $5,243,575,795. (p. D1004).

21. RECLAMATION. Vacated the proceedings of Aug. 17 whereby H. R. 8498, to authorize the Palo Verde project, Calif., was sent to conference, and concurred in the Senate amendments to the bill (pp. 14171-2). This bill will now be sent to the President.

22. DROUGHT RELIEF. Rep. Brown (Ga.) urged that Ga. be declared a major disaster area and stated that in more than 100 counties the grain crop is "practically destroyed" (p. 14178).

23. ADVISORY COMMITTEES; PRICE SUPPORTS. Rep. Polk criticized the agricultural advisory committees and claimed that "almost none" of the reductions in prices received by farmers are being passed on to the consumers (pp. 14193-7).

24. FOREIGN TRADE. Rep. Eberharter spoke in favor of his bill, H. R. 9703, to provide assistance to communities, business enterprises and individuals in order to facilitate the adjustments made necessary by the trade policy of the U. S. (pp. 14190-1).

25. DROUGHT RELIEF. The Legislative Reporting Staff has obtained a supply of a House Agriculture Committee print, "The Drought Program, an Explanation of the Government's Program, in Cooperation with the States and Individual Farmers, to Combat the Effects of Drought."

ITEMS IN APPENDIX

26. SMALL BUSINESS. Extension of remarks of Rep. Hill commending the Small Business Administration and stating that it is "assisting our National economy to grow stronger and to stabilize our home-owned-and-operated business firms" (pp. A6131-2).

27. FARM PROGRAM. Extension of remarks of Rep. Burdick criticizing the administration's farm program and stating that "the acreage cut which Benson has made will put many small farms out of business" (p. A6135).

Extension of remarks of Rep. Hill discussing "the present situation of agriculture" and giving a brief report on the farm bill (pp. A6139-40).

cies. Is the farm program to continue to be operated for and by farmers for the best interest of farmers and with sympathetic understanding and cooperation by the United States Department of Agriculture, or is it to be dominated and controlled by those interests which reap the greatest profits when farm prices are lowest?

Farmers are of necessity practical and thrifty individuals. Farmers know the value of money for they have to work so hard to make a dollar. They are skeptical of the vast sums of money being spent by the Republican Party to influence the election this year. They are curious concerning the source of this money and the motives back of it.

Farmers know that newspaper advertising, and radio advertising, and television broadcasts cost big money, and they know that somebody is paying the bill. Naturally they are questioning as to who is furnishing this money and why and what is back of all the propaganda being published and broadcasted.

May I conclude by suggesting 15 good reasons why farmers, this fall, will stop, look, and listen, and why they will be very cautious when asked to vote for Republican candidates for Congress? It is reasonable to believe that when election day rolls around farmers will not forget that the Democratic Party, founded by Thomas Jefferson, a Virginia farmer, is still the last best hope, the truest friend, and the strongest advocate of a prosperous agriculture in the United States.

The 15 reasons I wish to suggest as the basis for farmer support and votes for Democratic policies and performance are:

First. Farmers will remember that it was the Democratic Party that came to their rescue during the agricultural depression of the early thirties.

Second. Farmers will remember that the Democratic Party sponsored and enacted into law the Agricultural Adjustment Act of 1933.

Third. Farmers will remember it was the Democratic Party that sponsored and enacted the legislation guaranteeing their bank deposits.

Fourth. Farmers will remember that the Democratic Party brought them farm electricity by establishing the Rural Electrification Administration.

Fifth. Farmers will remember that the Democratic Party created and sponsored the Commodity Credit Corporation and its program of commodity loans for farmers;

Sixth. Farmers will remember it was the Democratic Party that put in operation the farmers' price-support program;

Seventh. Farmers will remember the Democratic Party established the Soil Conservation Service;

Eighth. The Federal Crop Insurance Corporation;

Ninth. The agricultural conservation program;

Tenth. The Bankhead-Jones Farm Tenant Act of October 1937—now known as the Farmers' Home Administration;

Eleventh. The Emergency Farm Mortgage Act of 1933;

Twelfth. The Farm Credit Act of 1933;

Thirteenth. The Federal Farm Mortgage Corporation Act of 1934;

Fourteenth. The Farm Credit Acts of 1935 and 1937; and

Fifteenth. The Rural Telephone Act of 1949.

Furthermore, farmers will remember, that in all the history of the United States, no other political party has sponsored and enacted so much beneficial and important agricultural legislation as was passed by the Democratic administrations of Franklin D. Roosevelt and Harry S. Truman.

Farmers will not forget all this when they cast their votes next November.

(Mr. POLK asked and was given permission to revise and extend his remarks and include additional matter.)

UNEMPLOYMENT COMPENSATION PROGRAM

Mr. REED of New York. Mr. Speaker, I move to take from the Speaker's desk the bill (H. R. 9709) to extend and improve the unemployment compensation program, with Senate amendments thereto, and concur in the Senate amendments.

The Clerk read the title of the bill.

The Clerk read the Senate amendments, as follows:

Page 1, line 4, strike out "1954" and insert "1955."

Page 1, lines 4 and 5, strike out "section 1607 (a) of the Internal Revenue Code" and insert "section 3306 (a) of the Internal Revenue Code of 1954."

Page 1, line 6, strike out "four" and insert "4."

Page 1, lines 8 and 9, strike out "section 1602 (a) of the Internal Revenue Code" and insert "section 3303 (a) of the Internal Revenue Code of 1954."

Page 2, lines 3 and 4, strike out "three-year" and insert "3-year."

Page 2, line 8, strike out "one" and insert "1."

Page 2, strike out lines 10 to 19, inclusive, and insert:

"SEC. 3. Effective with respect to the taxable year 1955 and succeeding taxable years, section 6152 (a) (3) of the Internal Revenue Code of 1954 is hereby repealed."

Page 3, line 20, after "Code" insert "of 1939."

Page 4, line 19, strike out "or."

Page 5, line 2, strike out "States." and insert "States; or

"'(13) by an officer or a member of the crew on or in connection with an American vessel (A) owned by or bareboat chartered to the United States and (B) whose business is conducted by a general agent of the Secretary of Commerce, if contributions on account of such service are required to be made to an unemployment fund under a State unemployment compensation law pursuant to section 1606 (g) of the Internal Revenue Code of 1939 or section 3305 (g) of the Internal Revenue Code of 1954'."

Page 16, line 18, after "Code" insert "of 1939."

Page 16, after line 20, insert:

"(c) Effective with respect to services performed after December 31, 1954, section 3305 (e) and section 3306 (l) of the Internal Revenue Code of 1954 are hereby repealed."

The SPEAKER. Is there objection to the request of the gentleman from New York?

Mr. ROGERS of Colorado. Mr. Speaker, reserving the right to object—and I shall not object—do I understand that this postpones the action we took on unemployment compensation?

Mr. REED of New York. One year.

Mr. ROGERS of Colorado. Is there any particular reason why it should be postponed?

Mr. REED of New York. The employers have to have an opportunity to adjust.

Mr. ROGERS of Colorado. Will it be necessary for the respective legislatures to amend their State laws?

Mr. REED of New York. Some of them will have to do that.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

(Mr. REED of New York asked and was given permission to extend his remarks at this point in the RECORD.)

[Mr. REED of New York addressed the House. His remarks will appear hereafter in the Appendix.]

(Mr. COOPER (at the request of Mr. REED of New York) was given permission to extend his remarks at this point in the RECORD.)

[Mr. COOPER addressed the House. His remarks will appear hereafter in the Appendix.]

The Senate amendments were concurred in, and a motion to reconsider was laid on the table.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. CANNON and to include extraneous matter.

Mr. MORANO.

Mr. JONAS of Illinois and to include an article.

Mr. FRELINGHUYSEN and to include extraneous matter.

Mr. MCGREGOR (at the request of Mr. BETTS).

Mr. BENNETT of Michigan in two instances and to include extraneous matter.

Mr. MEADER in three instances and to include extraneous matter.

Mr. BEAMER (at the request of Mr. BRAY).

Mr. PATTERSON (at the request of Mr. O'HARA of Minnesota) in two instances and to include extraneous matter.

Mr. LAIRD in seven instances and to include extraneous matter.

Mr. LONG in 2 instances and in 1 to include a newspaper article.

Mr. LANE in three instances and to include additional matter.

Mr. HAGEN of California in 10 instances and to include additional matter.

Mr. PHILBIN in four instances and to include additional matter.

Mr. O'HARA of Illinois in 12 instances and to include related matter.

Mr. MULTER in three instances and to include additional matter.

Mrs. ROGERS of Massachusetts and to include a letter by Wayne E. Richards, past commander in chief of the Veterans of Foreign Wars, and in another instance to include a citation presented to General KEARNEY, ranking Republican member of the Committee on Veterans' Affairs.

Mr. WOLVERTON in four instances and to include extraneous matter.

Mr. HILL (at the request of Mr. ARENDS) in two instances and to include additional matter.

Mr. ROONEY and to include a review entitled "Ireland: The Finances of Partition," which is estimated to exceed the limit and cost $276.25.

Mr. HESELTON in six instances and in each to include additional matter.

Mr. WHITTEN and to extend his remarks in connection with the farm bill.

Mr. BYRNE of Pennsylvania and to include a resolution adopted by the Philadelphia Polish Citizens.

Mr. BURDICK in two instances.

Mr. PATMAN in five instances and to include extraneous matter.

Mr. SIEMINSKI in two instances and to include additional matter.

Mr. POLK in five instances and to include additional matter.

Mr. HORAN.

LEAVE OF ABSENCE

Mr. BURDICK. Mr. Speaker, I ask unanimous consent for the gentleman from Washington [Mr. MACK] to be excused for the balance of the session, on account of illness.

The SPEAKER pro tempore (Mr. NICHOLSON). Is there objection to the request of the gentleman from North Dakota?

There was no objection.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 3428. An act to authorize the Federal Government to guard strategic defense facilities against individuals believed to be disposed to commit acts of sabotage, espionage, or other subversion; to the Committee on the Judiciary.

ENROLLED BILLS AND A JOINT RESOLUTION SIGNED

Mr. LECOMPTE, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 697. An act for the relief of Demetrios Christos Mataraggiotis, and Zoi Demetre Mataraggiotis, his wife, and Christos Mataraggiotis and Constantinos Mataraggiotis, their minor sons;

H. R. 717. An act for the relief of Henriette Matter;

H. R. 822. An act for the relief of Sister Giuseppina Giaccone;

H. R. 832. An act for the relief of Katharine Balsamo;

H. R. 834. An act for the relief of Arthur J. Boucher;

H. R. 839. An act for the relief of Sister Mary Gertrude (Mary Gertrude Kelly);

H. R. 877. An act for the relief of Nasser Esphahanlan;

H. R. 1622. An act for the relief of Agustin Mondreal;

H. R. 1627. An act for the relief of Johann Groben;

H. R. 1904. An act for the relief of Patricia A. Pembroke;

H. R. 1975. An act to amend section 2201 of title 28, United States Code, to extend the Federal Declaratory Judgments Act to the Territory of Alaska;

H. R. 2061. An act for the relief of Regine du Planty;

H. R. 2154. An act authorizing the issuance of a patent in fee to Leona Hungry;

H. R. 2393. An act for the relief of Brother Eugene Cumerlato;

H. R. 2480. An act for the relief of Charlotte Margarita Schmidt;

H. R. 2483. An act for the relief of Giacomo Bartolo Vanadia;

H. R. 2500. An act for the relief of Stanislaw Majzner (alias Stanley Maisner);

H. R. 2794. An act for the relief of Mrs. Claire Godreau Daigle;

H. R. 3024. An act for the relief of Sergio Emeric;

H. R. 3388. An act for the relief of Louie Ella Attaway;

H. R. 3447. An act for the relief of Maria Paccione Pica;

H. R. 3507. An act for the relief of Maj. Elias M. Tsougranis;

H. R. 3520. An act for the relief of Mrs. Erna Rosita Pont (formerly Erna Rosita Michel);

H. R. 3566. An act for the relief of Pimen Maximovich Sofronov;

H. R. 3665. An act for the relief of Marko Ribic;

H. R. 3750. An act for the relief of Inge Beckmann;

H. R. 3869. An act for the relief of Gilbert Elkanah Richards, Adelaide Gertrude Richards, and Anthony Gilbert Richards;

H. R. 3874. An act for the relief of Roberto Johnson;

H. R. 4015. An act for the relief of Josef, Paula, and Kurt Friedberg;

H. R. 4054. An act for the relief of Jorge Sole Massana and Montserrat Thomasa-Sanchez Massana;

H. R. 4426. An act for the relief of Andrea Paulette Quarehomme and her child;

H. R. 4427. An act for the relief of Mrs. Helena Piasecka;

H. R. 4437. An act for the relief of Louise Rank;

H. R. 4522. An act for the relief of Petrus Van Keer;

H. R. 4815. An act for the relief of Alexander Petsche;

H. R. 4908. An act for the relief of Pietro Petralia;

H. R. 4969. An act for the relief of Basilios Xarhoulacos;

H. R. 5119. An act for the relief of Augusta Oppacher Bialek;

H. R. 5194. An act for the relief of Pauline Katzmann;

H. R. 5319. An act for the relief of Henry (also known as Heinrich) Schor, Sally (also known as Sali) Schor, and Gita (also known as Gitta Aviva) Schor;

H. R. 5344. An act for the relief of Bob Kan and Fourere Kan;

H. R. 5459. An act for the relief of Takeko Ishiki;

H. R. 5553. An act for the relief of Dr. Lu Jen-lung;

H. R. 5718. An act to limit the period for collection by the United States of compensation received by officers and employees in violation of the dual compensation laws;

H. R. 5749. An act for the relief of Maria Teresa Lublato;

H. R. 6266. An act for the relief of Frank Robert Gage;

H. R. 6355. An act for the relief of Elena Scarpetti Savelli;

H. R. 6442. An act for the relief of Tamiko Fujiwara;

H. R. 6492. An act for the relief of Rodolfo Navarro;

H. R. 6498. An act for the relief of Elfriede Lina Avitable, nee Roser;

H. R. 6672. An act to provide for a temporary increase in the public debt limit;

H. R. 6752. An act for the relief of Mrs. Maria Giuseppa De Lisa Quagliano;

H. R. 6762. An act for the relief of Mrs. Irmgard (Chrapko) Broughman;

H. R. 6858. An act for the relief of Mrs. Efthemia Soteralis;

H. R. 7031. An act for the relief of Mrs. George A. Meffan;

H. R. 7033. An act for the relief of Mrs. Anna J. Weigle;

H. R. 7151. An act for the relief of Mazal Kolman;

H. R. 7217. An act for the relief of Astor Vergata;

H. R. 7229. An act to provide for the conveyance to T. M. Pratt and Annita C. Pratt of certain real property in Stevens County, Wash.;

H. R. 7581. An act for the relief of Gaetano Conti;

H. R. 7734. An act to amend section 47 of the National Defense Act concerning the requirement for bond covering certain property issued by the United States for use by Reserve Officers' Training Corps units maintained at educational institutions;

H. R. 7762. An act for the relief of M. M. Hess;

H. R. 7813. An act authorizing the Secretary of the Interior to adjust or cancel certain charges on the Milk River project;

H. R. 7828. An act for the relief of Mariana George Loizos Kellis;

H. R. 7829. An act for the relief of Shimasoi Michiko;

H. R. 7834. An act for the relief of Erika Schneider Buonasera;

H. R. 7885. An act for the relief of Sohan Singh Rai and Jogindar Kaur Rai;

H. R. 7938. An act for the relief of Miss Martha Heuschele;

H. R. 7947. An act for the relief of Mrs. Erika (Hohenleitner) Stapleton;

H. R. 8065. An act for the relief of Carlos Francisco, Manriqueta Mina, and Roberto Mina Ver;

H. R. 8205. An act to authorize the conveyance by the Secretary of the Interior to Virginia Electric & Power Co. of a perpetual easement of right-of-way for electric transmission line purposes across lands of the Richmond National Battlefield Park, Va. such easement to be granted in exchange for, and in consideration of, the conveyance for park purposes of approximately 6 acres of land adjoining the park;

H. R. 8244. An act for the relief of Mrs. Dorothy Nell Woolgar Allen;

H. R. 8375. An act for the relief of Ilse Radler Hughes;

H. R. 8424. An act for the relief of Mrs. Else Johnson;

H. R. 8554. An act for the relief of Maria M. Khoe;

H. R. 8557. An act for the relief of Ezio Bertoni;

H. R. 8859. An act to convey the reversionary interest of the United States in certain lands to the city of Pawnee, Okla.;

H. R. 8628. An act to amend the Tariff Act of 1930 to insure that crude silicon carbide imported into the United States will continue to be exempt from duty, and with respect to the duties applicable to certain prepared fish;

H. R. 8932. An act to reclassify dictaphones in the Tariff Act of 1930;

H. R. 8936. An act for the relief of Dana Evanovich;

H. R. 9029. An act for the relief of Paul James Patrie;

H. R. 9248. An act to amend section 308 (5) of the Tariff Act of 1930, as amended;

Public Law 767 - 83d Congress
Chapter 1212 - 2d Session
H. R. 9709

AN ACT

To extend and improve the unemployment compensation program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, effective with respect to services performed after December 31, 1955, section 3306 (a) of the Internal Revenue Code of 1954 is hereby amended by striking out "eight or more" and inserting in lieu thereof "4 or more". Unemployment compensation. Number of employees. 68A Stat. 447.

SEC. 2. Effective with respect to rates of contributions for periods after December 31, 1954, section 3303 (a) of the Internal Revenue Code of 1954 is hereby amended by adding after paragraph (3) the following: 68A Stat. 440.

"For any person (or group of persons) who has (or have) not been subject to the State law for a period of time sufficient to compute the reduced rates permitted by paragraphs (1), (2), and (3) of this subsection on a 3-year basis, the period of time required may be reduced to the amount of time the person (or group of persons) has (or have) had experience under or has (or have) been subject to the State law, whichever is appropriate, but in no case less than 1 year immediately preceding the computation date." Reduced rates. New employers.

SEC. 3. Effective with respect to the taxable year 1955 and succeeding taxable years, section 6152 (a) (3) of the Internal Revenue Code of 1954 is hereby repealed. Quarterly installments. 68A Stat. 758.

SEC. 4. (a) The Social Security Act, as amended, is further amended by adding after title XIV thereof the following new title: 49 Stat. 620. 42 USC 1305.

"TITLE XV—UNEMPLOYMENT COMPENSATION FOR FEDERAL EMPLOYEES

"DEFINITIONS

"SEC. 1501. When used in this title—

"(a) The term 'Federal service' means any service performed after 1952 in the employ of the United States or any instrumentality thereof which is wholly owned by the United States, except that the term shall not include service performed—

"(1) by an elective officer in the executive or legislative branch of the Government of the United States;

"(2) as a member of the Armed Forces of the United States;

"(3) by foreign service personnel for whom special separation allowances are provided by the Foreign Service Act of 1946 (60 Stat. 999); 22 USC 801 note.

"(4) prior to January 1, 1955, for the Bonneville Power Administrator if such service constitutes employment under section 1607 (m) of the Internal Revenue Code of 1939; 68A Stat. 939, 453.

"(5) outside the United States by an individual who is not a citizen of the United States; 68 Stat. 1130, 68 Stat. 1131.

"(6) by any individual as an employee who is excluded by Executive order from the operation of the Civil Service Retirement Act of 1930 because he is paid on a contract or fee basis; 46 Stat. 468. 5 USC 691 note.

"(7) by any individual as an employee receiving nominal compensation of $12 or less per annum;

"(8) in a hospital, home, or other institution of the United States by a patient or inmate thereof;

"(9) by any individual as an employee included under section 2 of the Act of August 4, 1947 (relating to certain interns, student 61 Stat. 727.

nurses, and other student employees of hospitals of the Federal Government; 5 U. S. C., sec. 1052);

"(10) by any individual as an employee serving on a temporary basis in case of fire, storm, earthquake, flood, or other similar emergency;

"(11) by any individual as an employee who is employed under a Federal relief program to relieve him from unemployment;

"(12) as a member of a State, county, or community committee under the Production and Marketing Administration or of any other board, council, committee, or other similar body, unless such board, council, committee, or other body is composed exclusively of individuals otherwise in the full-time employ of the United States; or

"(13) by an officer or a member of the crew on or in connection with an American vessel (A) owned by or bareboat chartered to the United States and (B) whose business is conducted by a general agent of the Secretary of Commerce, if contributions on account of such service are required to be made to an unemployment fund under a State unemployment compensation law pursuant to section 1606 (g) of the Internal Revenue Code of 1939 or section 3305 (g) of the Internal Revenue Code of 1954."

68A Stat. 446.

For the purpose of paragraph (5) of this subsection, the term 'United States' when used in a geographical sense means the States, Alaska, Hawaii, the District of Columbia, Puerto Rico, and the Virgin Islands.

"(b) The term 'Federal wages' means all remuneration for Federal service, including cash allowances and remuneration in any medium other than cash.

"(c) The term 'Federal employee' means an individual who has performed Federal service.

"(d) The term 'compensation' means cash benefits payable to individuals with respect to their unemployment (including any portion thereof payable with respect to dependents).

"(e) The term 'benefit year' means the benefit year as defined in the applicable State unemployment compensation law; except that, if such State law does not define a benefit year, then such term means the period prescribed in the agreement under this title with such State or, in the absence of an agreement, the period prescribed by the Secretary.

"(f) The term Secretary' means the Secretary of Labor.

"COMPENSATION FOR FEDERAL EMPLOYEES UNDER STATE AGREEMENTS

"SEC. 1502. (a) The Secretary is authorized on behalf of the United States to enter into an agreement with any State, or with the agency administering the unemployment compensation law of such State, under which such State agency (1) will make, as agent of the United States, payments of compensation, on the basis provided in subsection (b) of this section, to Federal employees, and (2) will otherwise cooperate with the Secretary and with other State agencies in making payments of compensation under this title.

68 Stat. 1131.
68 Stat. 1132.

"(b) Any such agreement shall provide that compensation will be paid by the State to any Federal employee, with respect to unemployment after December 31, 1954, in the same amount, on the same terms, and subject to the same conditions as the compensation which would be payable to such employee under the unemployment compensation law of the State if the Federal service and Federal wages of such employee assigned to such State under section 1504 had been included as employment and wages under such law.

"(c) Any determination by a State agency with respect to entitlement to compensation pursuant to an agreement under this section shall be subject to review in the same manner and to the same extent as determinations under the State unemployment compensation law, and only in such manner and to such extent.

"(d) Each agreement shall provide the terms and conditions upon which the agreement may be amended or terminated.

"COMPENSATION FOR FEDERAL EMPLOYEES IN ABSENCE OF STATE AGREEMENT

"SEC. 1503. (a) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to a State which does not have an agreement under this title with the Secretary, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of such State if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under the law of such State, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(b) In the case of a Federal employee whose Federal service and Federal wages are assigned under section 1504 to Puerto Rico or the Virgin Islands, the Secretary, in accordance with regulations prescribed by him, shall, upon the filing by such employee of a claim for compensation under this subsection, make payments of compensation to him with respect to unemployment after December 31, 1954, in the same amounts, on the same terms, and subject to the same conditions as would be paid to him under the unemployment compensation law of the District of Columbia if such employee's Federal service and Federal wages had been included as employment and wages under such law, except that if such employee, without regard to his Federal service and Federal wages, has employment or wages sufficient to qualify for any compensation during the benefit year under such law, then payments of compensation under this subsection shall be made only on the basis of his Federal service and Federal wages.

"(c) Any Federal employee whose claim for compensation under subsection (a) or (b) of this section has been denied shall be entitled to a fair hearing in accordance with regulations prescribed by the Secretary. Any final determination by the Secretary with respect to entitlement to compensation under this section shall be subject to review by the courts in the same manner and to the same extent as is provided in section 205 (g) with respect to final decisions of the Secretary of Health, Education, and Welfare under title II. 68 Stat. 1132. 68 Stat. 1133. 53 Stat. 1370. 42 USC 405(g).

"(d) The Secretary may utilize for the purposes of this section the personnel and facilities of the agencies in Puerto Rico and the Virgin Islands cooperating with the United States Employment Service under the Act of June 6, 1933 (48 Stat. 113), as amended, and may delegate to officials of such agencies any authority granted to him by this section whenever the Secretary determines such delegation to be necessary in carrying out the purposes of this title. For the purpose of payments made to such agencies under such Act, the furnishing of such personnel and facilities shall be deemed to be a part of the administration of the public employment offices of such agencies. 29 USC 49 et seq.

"STATE TO WHICH FEDERAL SERVICE AND WAGES ARE ASSIGNABLE

"SEC. 1504. In accordance with regulations prescribed by the Secretary, the Federal service and Federal wages of an employee shall be assigned to the State in which he had his last official station in Federal service prior to the filing of his first claim for compensation for the benefit year, except that—

"(1) if, at the time of the filing of such first claim, he resides in another State in which he performed, after the termination of such Federal service, service covered under the unemployment compensation law of such other State, such Federal service and Federal wages shall be assigned to such other State;

"(2) if his last official station in Federal service, prior to the filing of such first claim, was outside the United States, such Federal service and Federal wages shall be assigned to the State where he resides at the time he files such first claim; and

"(3) if such first claim is filed while he is residing in Puerto Rico or the Virgin Islands, such Federal service and Federal wages shall be assigned to Puerto Rico or the Virgin Islands.

"TREATMENT OF ACCRUED ANNUAL LEAVE

"SEC. 1505. For the purposes of this title, in the case of a Federal employee who is performing Federal service at the time of his separation from employment by the United States or any instrumentality thereof, (1) the Federal service of such employee shall be considered as continuing during the period, subsequent to such separation, with respect to which he is considered as having received payment of accumulated and current annual or vacation leave pursuant to any Federal law, and (2) subject to regulations of the Secretary concerning allocation over the period, such payment shall constitute Federal wages.

"PAYMENTS TO STATES

"SEC. 1506. (a) Each State shall be entitled to be paid by the United States an amount equal to the additional cost to the State of payments of compensation made under and in accordance with an agreement under this title which would not have been incurred by the State but for the agreement.

"(b) In making payments pursuant to subsection (a) of this section, there shall be paid to the State, either in advance or by way of reimbursement, as may be determined by the Secretary, such sum as the Secretary estimates the State will be entitled to receive under this title for each calendar month, reduced or increased, as the case may be, by any sum by which the Secretary finds that his estimates for any prior calendar month were greater or less than the amounts which should have been paid to the State. Such estimates may be made upon the basis of such statistical, sampling, or other method as may be agreed upon by the Secretary and the State agency.

68 Stat. 1133.
68 Stat. 1134.

"(c) The Secretary shall from time to time certify to the Secretary of the Treasury for payment to each State sums payable to such State under this section. The Secretary of the Treasury, prior to audit or settlement by the General Accounting Office, shall make payment to the State in accordance with such certification, from the funds for carrying out the purposes of this title.

"(d) All money paid a State under this title shall be used solely for the purposes for which it is paid; and any money so paid which is not used for such purposes shall be returned, at the time specified in the agreement under this title, to the Treasury and credited to

current applicable appropriations, funds, or accounts from which payments to States under this title may be made.

"(e) An agreement under this title may require any officer or employee of the State certifying payments or disbursing funds pursuant to the agreement, or otherwise participating in its performance, to give a surety bond to the United States in such amount as the Secretary may deem necessary, and may provide for the payment of the cost of such bond from funds for carrying out the purposes of this title.

"(f) No person designated by the Secretary, or designated pursuant to an agreement under this title, as a certifying officer, shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to the payment of any compensation certified by him under this title.

"(g) No disbursing officer shall, in the absence of gross negligence or intent to defraud the United States, be liable with respect to any payment by him under this title if it was based upon a voucher signed by a certifying officer designated as provided in subsection (f) of this section.

"(h) For the purpose of payments made to a State under title III, administration by the State agency of such State pursuant to an agreement under this title shall be deemed to be a part of the administration of the State unemployment compensation law. 49 Stat. 626. 42 USC 501 et seq.

"INFORMATION

"SEC. 1507. (a) All Federal departments, agencies, and wholly owned instrumentalities of the United States are directed to make available to State agencies which have agreements under this title or to the Secretary, as the case may be, such information with respect to the Federal service and Federal wages of any Federal employee as the Secretary may find practicable and necessary for the determination of such employee's entitlement to compensation under this title. Such information shall include the findings of the employing agency with respect to—

"(1) whether the employee has performed Federal service,

"(2) the periods of such service,

"(3) the amount of remuneration for such service, and

"(4) the reasons for termination of such service.

The employing agency shall make the findings in such form and manner as the Secretary shall by regulations prescribe (which regulations shall include provision for correction by the employing agency of errors or omissions). Any such findings which have been made in accordance with such regulations shall be final and conclusive for the purposes of sections 1502 (c) and 1503 (c). 68 Stat. 1134, 68 Stat. 1135.

"(b) The agency administering the unemployment compensation law of any State shall furnish to the Secretary such information as the Secretary may find necessary or appropriate in carrying out the provisions of this title, and such information shall be deemed reports required by the Secretary for the purposes of paragraph (6) of subsection (a) of section 303. 42 USC 503(a)(6).

"PENALTIES

"SEC. 1508. (a) Whoever makes a false statement or representation of a material fact knowing it to be false, or knowingly fails to disclose a material fact, to obtain or increase for himself or for any other individual any payment authorized to be paid under this title or under an agreement thereunder shall be fined not more than $1,000 or imprisoned for not more than one year, or both.

All 68 Stat. 1135.

"(b) (1) If a State agency or the Secretary, as the case may be, or a court of competent jurisdiction, finds that any person—

"(A) has made, or has caused to be made by another, a false statement or representation of a material fact knowing it to be false, or has knowingly failed, or caused another to fail, to disclose a material fact, and

"(B) as a result of such action has received any amount as compensation under this title to which he was not entitled,

such person shall be liable to repay such amount to the State agency or the Secretary, as the case may be. In lieu of requiring the repayment of any amount under this paragraph, the State agency or the Secretary, as the case may be, may recover such amount by deductions from any compensation payable to such person under this title during the two-year period following the date of the finding. Any such finding by a State agency or the Secretary, as the case may be, may be made only after an opportunity for a fair hearing, subject to such further review as may be appropriate under sections 1502 (c) and 1503 (c).

"(2) Any amount repaid to a State agency under paragraph (1) shall be deposited into the fund from which payment was made. Any amount repaid to the Secretary under paragraph (1) shall be returned to the Treasury and credited to the current applicable appropriation, fund, or account from which payment was made.

"REGULATIONS

"SEC. 1509. The Secretary is hereby authorized to make such rules and regulations as may be necessary to carry out the provisions of this title. The Secretary shall insofar as practicable consult with representatives of the State unemployment compensation agencies before prescribing any rules or regulations which may affect the performance by such agencies of functions pursuant to agreements under this title.

"APPROPRIATIONS

"SEC. 1510. There are hereby authorized to be appropriated out of any moneys not otherwise appropriated such sums as are necessary to carry out the provisions of this title."

68A Stat. 939. (b) Section 1606 (e) and section 1607 (m) of the Internal Revenue Code of 1939 are each hereby amended by inserting after "December 31, 1945," the following: "and before January 1, 1955,".

(c) Effective with respect to services performed after December 69A Stat. 446, 31, 1954, section 3305 (e) and section 3306 (l) of the Internal Revenue 453. Code of 1954 are hereby repealed.

Approved September 1, 1954.